

**Hyde County Board of Commissioners
AGENDA ITEM SUMMARY SHEET**

Meeting Date: February 5, 2018
Presenter: County Manager Bill Rich
Attachment: Yes

ITEM TITLE: RESOLUTION IN FAVOR OF THE PROPOSED CHANGES TO THE NC
BLACK BEAR HUNTING REGULATIONS

SUMMARY: The North Carolina Wildlife Resources Commission has proposed creating new bear hunting zones and corresponding seasons encompassing all of Hyde, Dare and Tyrrell Counties (known as CBMU Zone 1). The NCWRC is proposing an additional week of bear hunting season in CBMU Zone 1. The proposed week would open the 2nd week in November and close on the 4th Sunday in November. Hyde County recommends that the dates for the additional week open the 1st Monday in November and close on the 3rd Sunday in November so that the overlap between waterfowl season and bear season is eliminated. Hyde County recommends the support of the NCWRC's proposal to create the new bear hunting zones and the addition of an additional week of bear hunting season for Hyde, Dare and Tyrrell counties as per the attached resolution.

RECOMMEND: APPROVE RESOLUTION

Motion Made By: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

Motion Seconded By: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

Vote: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

COUNTY OF HYDE

Board of Commissioners

Earl Pugh, Jr., Chair
Barry Swindell, Vice-Chair
Benjamin Simmons, III
Tom Pahl
Dick Tunnell

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Bill Rich
County Manager

Fred Holscher
County Attorney

Lois Stotesberry, CMC, NCCCC
Clerk to the Board



RESOLUTION IN FAVOR OF THE PROPOSED CHANGES TO THE NC BLACK BEAR HUNTING REGULATIONS

WHEREAS, the North Carolina Wildlife Resources Commission has proposed creating new bear hunting zones and corresponding seasons encompassing all of Hyde, Dare and Tyrrell Counties, known as CBMU Zone 1; and,

WHEREAS, in addition to the new zoning mechanisms, the NCWRC is proposing adding an additional week of bear hunting season to CBMU Zone 1. The proposed season as recommended would open on the 2nd week of November and close on the 4th Sunday in November; and,

WHEREAS, Hyde would strongly recommend that the dates for the additional week open the 1st Monday in November and end on the 3rd Sunday in November; and,

WHEREAS, If Hyde's recommended season is approved, the current overlap between waterfowl season and bear season will be eliminated; and,

WHEREAS, elimination of the overlap between waterfowl season and bear season will promote significant economic growth for the counties in CBMU Zone 1 by giving area businesses an extra week of peak business. Hunting serves as a top 5 industry in Hyde and Tyrrell counties, which rank as some of the poorest in North Carolina. Duck and bear hunting are the two main hunting attractions for the area. However, wherever and whichever week chosen, Hyde is in total support of adding an additional week to bear season in November.

NOW, THEREFORE, BE IT RESOLVED, that the Hyde County Board of Commissioners support the NCWRC's proposal to create the new bear hunting zones and the addition of an additional week of bear hunting season for Hyde, Dare and Tyrrell counties.

Adopted this the 5th day of February, 2018.

Earl Pugh, Jr., Chairman
Hyde County Board of Commissioners

Lois Stotesberry, Clerk to the Board
Hyde County Board of Commissioners

Hyde County Board of Commissioners
AGENDA ITEM SUMMARY SHEET

Meeting Date: February 5, 2018
Presenter: County Manager Bill Rich
Attachment: Yes

**ITEM TITLE: RESOLUTION OPPOSING A PROPOSAL TO REDUCE FERRY RUNS
AND INCREASE OF FARES ON TOLLED FERRIES**

Attached is a resolution in opposition of a proposal to reduce the number of ferry trips and an increase in fares on currently tolled ferry routes. The proposal comes as a result of a review of the ferry system by the Joint Legislative Program Evaluation Oversight Committee of the North Carolina General Assembly. A reduction in ferry trips and increase in fares on tolled ferries will adversely affect local residents and merchants on Ocracoke Island, and visitors to the island. We are requesting approval of a resolution opposing this proposal.

RECOMMEND: APPROVE RESOLUTION

Motion Made By: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

Motion Seconded By: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

Vote: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

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Fred Holscher
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Lois Stotesberry, CMC, NCCCC
Clerk to the Board



RESOLUTION IN OPPOSITION TO A PROPOSAL TO REDUCE FERRY RUNS AND INCREASE FARES ON TOLLED FERRIES

WHEREAS, a review of the NC DOT ferry system's operations was conducted by the Joint Legislative Program Evaluation Division of the North Carolina General Assembly; and,

WHEREAS, according to a report issued by the Program Evaluation Division, they are proposing a reduction in the number of ferry crossings and an increase in fares on currently tolled ferry routes; and,

WHEREAS, the Program Evaluation Division is proposing these changes in an effort to improve the ferry division's efficiency through a focus on operations, savings, and fee structure optimization; and,

WHEREAS, the Hyde County Board of Commissioners is not in favor of reduced ferry crossings on the runs to Ocracoke Island from Hatteras, Swan Quarter or Cedar Island nor the reduction of ferry runs to Hatteras, Swan Quarter or Cedar Island from Ocracoke Island; and,

WHEREAS, the Hyde County Board of Commissioners is not in favor of the proposed increase in fares on currently tolled ferry routes to and from Swan Quarter and Cedar Island to Ocracoke; and,

WHEREAS, to oversee the overall process of the long-range plan for the ferry system, the Program Evaluation Division is recommending that the General Assembly establish an Executive Team made up of representatives from the NC Department of Transportation, the Department of Natural and Cultural Resources, the Department of Environmental Quality, Visit NC, the NC Ferry Boat/Support Vessel Construction Industry, and local government; and,

WHEREAS, Hyde County wants to secure a seat for a representative of Hyde County Government to serve on the Executive Team.

NOW, THEREFORE, BE IT RESOLVED, that the Hyde County Board of Commissioners oppose the proposal as it reduces the number of ferry crossings for ferries traveling to and from Ocracoke Island and increases fares on tolled ferries, which will affect local residents and merchants on Ocracoke Island and most importantly visitors to the island.

Adopted this the 5th day of February, 2018.

Earl Pugh, Jr., Chairman
Hyde County Board of Commissioners

Lois Stotesberry, Clerk to the Board
Hyde County Board of Commissioners

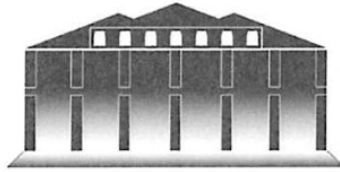
**Reducing Off-Season Crossings, Adjusting Fares,
and Using Partnerships Can Improve Ferry Division
Efficiency**



**Final Report to the Joint Legislative
Program Evaluation Oversight Committee**

Report Number 2017-09

October 1, 2017



Program Evaluation Division
North Carolina General Assembly
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www.ncleg.net/PED

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The report is also available online at www.ncleg.net/PED.



NORTH CAROLINA GENERAL ASSEMBLY
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Tel. 919-301-1404 Fax 919-301-1406

John W. Turcotte
Director

October 1, 2017

Members of the Joint Legislative Program Evaluation Oversight Committee

North Carolina General Assembly
Legislative Building
16 West Jones Street
Raleigh, NC 27601

Honorable Members:

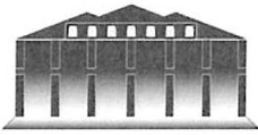
The Joint Legislative Program Evaluation Oversight Committee's 2015–17 Work Plan directed the Program Evaluation Division to review the ferry system with a focus on operations, savings, and fee structure optimization.

I am pleased to report that the Department of Transportation cooperated with us fully and was at all times courteous to our evaluators during the evaluation.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Turcotte".

John W. Turcotte
Director



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

October 2017

Report No. 2017-09

Reducing Off-Season Crossings, Adjusting Fares, and Using Partnerships Can Improve Ferry Division Efficiency

Summary

The North Carolina Department of Transportation's (DOT's) Ferry Division is responsible for providing safe, cost-effective, and dependable service for local residents and visitors. The Joint Legislative Program Evaluation Oversight Committee's 2015–17 Work Plan directed the Program Evaluation Division to review the ferry system with a focus on operations, savings, and fee structure optimization.

The Ferry Division can save over \$1.5 million annually by reducing the number of crossings on routes during periods of lower use. Tourist routes represent good candidates for reductions because they have greater variability in ridership than commuter routes.

Annual fare collections on currently tolled routes can be increased by \$1.7 million without adversely affecting area commuters. Vehicle fare increases would not adversely affect area residents who use ferry services to commute to and from work and school because of the availability of an annual commuter pass.

Using partnerships with other government entities and the private sector can reduce state funding requirements and improve the effectiveness of the ferry system. The current passenger-only initiative for the Hatteras-Ocracoke ferry route is an example of a partnership with a local government entity.

Development of a long-range plan provides an opportunity to take a systematic approach to identifying the most cost-effective contribution of ferry transportation services toward achievement of the mission of DOT and state strategic transportation goals. The plan should be based on a long-range forecast of the region's transportation needs and an assessment of future funding availability.

To address these findings, the General Assembly should amend state law to direct DOT to:

- produce a long-range plan for the ferry transportation system to include consideration of alternative pricing structures to achieve appropriate levels of operating cost recovery from vehicle and passenger fares;
- apply for a grant from the Golden LEAF Foundation for necessary support services; and
- evaluate the schedule of crossings for each ferry route to ensure services cost-effectively meet the needs of both area residents and tourists.

Purpose and Scope

The Joint Legislative Program Evaluation Oversight Committee's 2015–17 Work Plan directed the Program Evaluation Division to review the ferry system with a focus on operations, savings, and fee structure optimization. Four central research questions guided the study:

1. Are Ferry Division activities and operations performed efficiently and effectively?
2. What is the most appropriate governance structure for the Ferry Division?
3. Does the current funding structure ensure the Ferry Division is cost-effectively using available resources?
4. How can the Ferry Division increase its contribution to the achievement of DOT's strategic goals?

The Program Evaluation Division collected data from several sources, including

- a review of laws and policies guiding the Ferry Division,
- interviews and queries of Ferry Division managers,
- information regarding sources and uses of funding for the Ferry Division,
- workshops with Ferry Division stakeholders,
- available performance measures for Ferry Division activities, and
- comparable performance measures (if available) of other publicly-owned ferry systems in North America.

Background

The mission of the North Carolina Department of Transportation (DOT) is to connect people, products, and places safely and efficiently with customer focus, accountability, and environmental sensitivity to enhance the economy and vitality of North Carolina. To achieve this mission, DOT has established the following strategic goals:

- **Increase transportation safety.** Make transportation safer by reducing fatalities, severe injuries, and crashes across the entire transportation network.
- **Provide great customer service.** Provide efficient options to access information and services, educate employees and the public about the department, and improve the delivery of all services.
- **Cost-effectively deliver and maintain the transportation infrastructure.** Improve program and project delivery across all transportation modes, optimize use of available resources to strengthen infrastructure, and strategically improve infrastructure to meet existing and future needs.
- **Improve reliability and connectivity of the transportation system.** Operate dependable connections among major hubs and destinations across the state and improve connectivity within and between all modes of transportation.
- **Promote economic growth.** Improve the reliability of all modes of the transportation network, increase access to key infrastructure (such as interstates, airports, rail, ports, etc.), and reduce business costs (for transportation purposes).

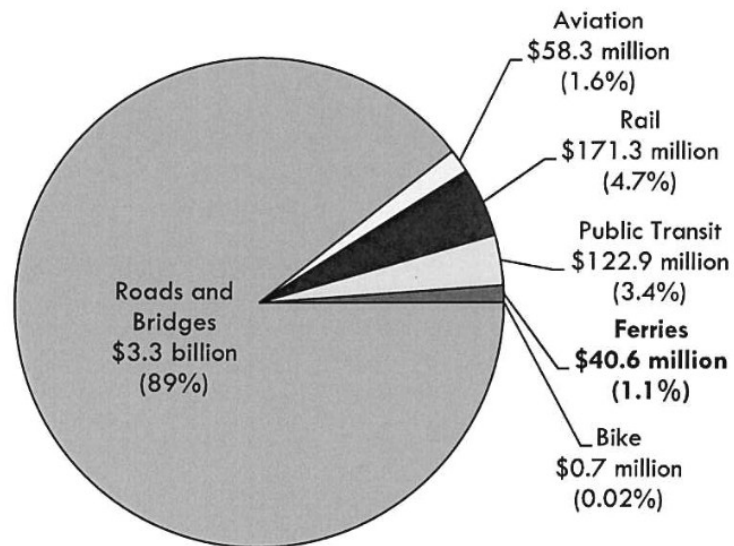
- **Make the organization a great place to work.** Provide fair compensation, prevent employee injuries, and improve employee satisfaction and engagement.

In Fiscal Year 2015–16, DOT allocated \$40.6 million for the ferry transportation system, which represented approximately 1% of total funding used to directly support the State's transportation network. Of the \$4.4 billion appropriated to DOT in Fiscal Year 2015–16, approximately \$3.7 billion (83%) was used to directly support state transportation systems.¹

As shown in Exhibit 1, nearly 90% of this \$3.7 billion was used to build and maintain roads and bridges. The next largest transportation systems are the State's rail and public transportation systems, with Fiscal Year 2015–16 appropriations of \$171.3 million and \$122.9 million, respectively. The \$40.6 million appropriated for the ferry system represents 1.1% of the funding that directly supported transportation. Funding to build and maintain the State's transportation system comes from several sources. In Fiscal Year 2015–16, approximately \$3.2 billion (73%) of transportation funding came from state revenues with the remaining \$1.2 billion (27%) coming from federal funds.²

Exhibit 1

DOT Appropriations to the Ferry Transportation System in Fiscal Year 2015–16 (\$40.6 Million) Represented Approximately 1% of Total Funding for the State's Transportation Network



Source: Program Evaluation Division based on information provided by the Ferry Division.

The Ferry Division contributes to the achievement of DOT's strategic goals by providing safe, cost-effective, and dependable ferry service for local

¹ The \$736 million in appropriated funding not directly attributable to providing transportation services was designated for transfers to the State Ports Authority (\$35 million), other agencies (\$12.3 million), and municipal aid (\$147.5 million) as well as for debt service (\$197.6 million) and administrative services and other expenses (\$344 million). Appropriations for each of the identified transportation services, as well as the appropriated funding not directly attributable to providing transportation services, excludes receipt-supported funding of \$100 million.

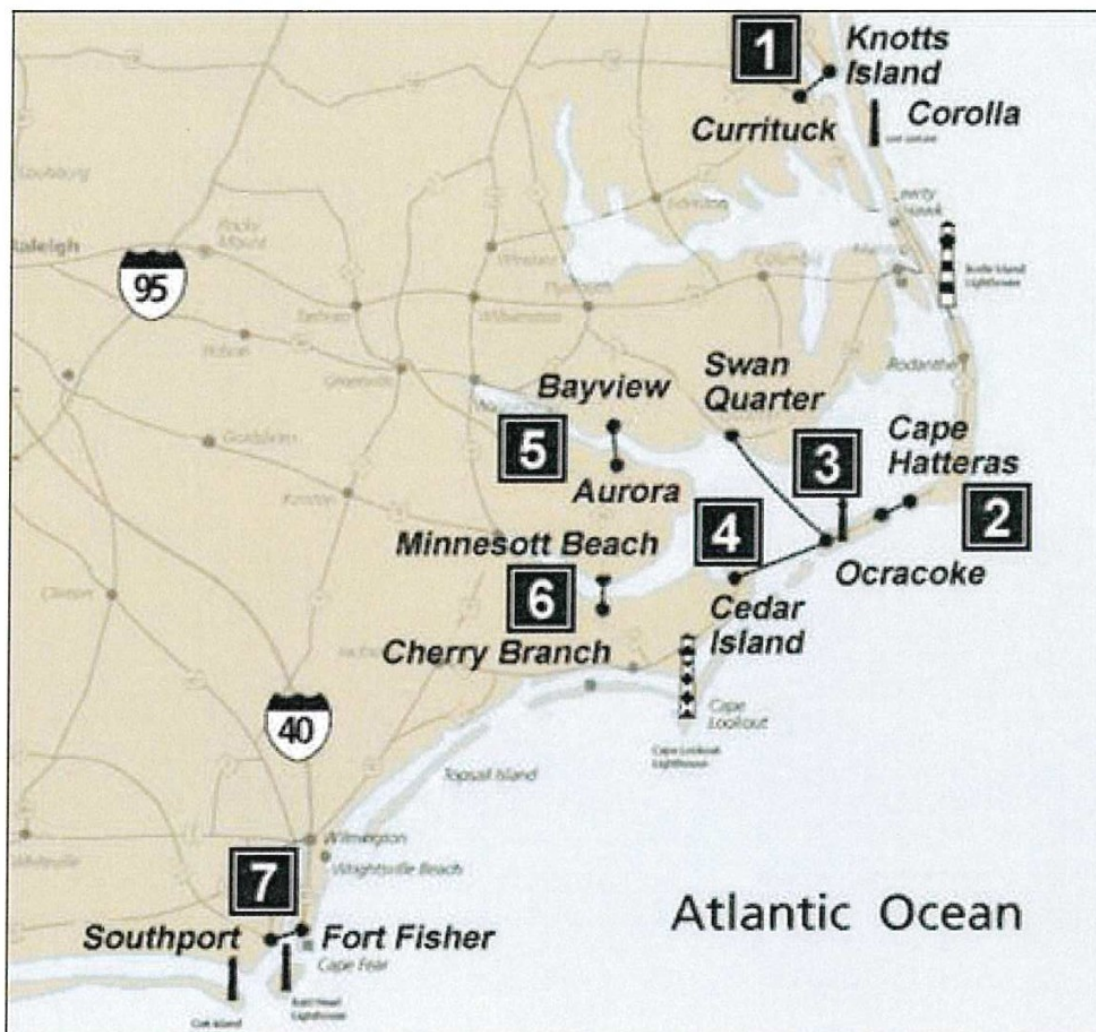
² State funding source categories were Motor Fuel Tax (\$1.8 billion), Highway Use Tax (\$659.8 million), DMV registrations (\$468.5 million), Licenses (\$127.1 million), and Title Fees and Other (\$194 million). Federal funding sources include federal grants and ARRA funds (\$215.9 million).

residents and visitors. The services provided by the Ferry Division are used for a variety of reasons. Many coastal residents use the ferry as public transportation for their daily commute to and from work or school, both for themselves and their vehicles. Both visitors and local residents use the system for travel to and from vacation destinations. The ferries also serve important community service and public safety roles by providing emergency services and a means of emergency evacuation to residents and visitors. For some residents of islands on the Outer Banks such as Ocracoke Island, the ferry system provides the only system for public transportation on and off the islands.

North Carolina's Ferry Division operates one of the largest publicly-owned ferry systems in North America. As shown in Exhibit 2, the Ferry Division employs 13 terminals and 21 ferry boats to provide services for 7 routes across eastern North Carolina.³ In Fiscal Year 2015–16, the Ferry Division used these routes to transport 801,256 vehicles and 1.9 million passengers. Appendix A provides a detailed description of each of these seven ferry routes.

³ During Fiscal Year 2015–16, the Sound Class ferry boat, Pamlico, was sold, reducing the fleet of ferry boats from 22 to 21.






Exhibit 2: In Fiscal Year 2015–16, the Ferry System Operated Seven Scheduled Routes



Source: Program Evaluation Division based on information provided by the Ferry Division.

The Ferry Division also operates support vessels—three tugs, four barges, and a dredge. These support vessels are responsible for maintaining the state navigation channels at the 13 ferry terminals as well as maintaining the terminal and shipyard pilings and docks and assisting disabled ferries. Each of the three tugs (Albemarle, Buxton Jr., and Dare) as well as three of the four barges (NC-1, NC-2, and NC-3) are more than 35 years old. The Ferry Division reported most of these vessels require replacement or extensive refurbishment. Exceptions include the dredge Manteo, which replaced dredge Carolina and was commissioned in April 2016 at a cost of \$7.7 million, and the Skyco barge, which was built in 2008. Exhibit 3 illustrates the physical assets operated by the Ferry Division.

Exhibit 3: Physical Assets Operated by the Ferry Division

Asset	Count
Ferries 	21
Terminals 	13
Tugs 	3
Barges 	4
Dredge 	1

Source: Program Evaluation Division based on information provided by the Ferry Division. Ferry photo provided by Ocracoke Civic & Business Association.

In addition, the Ferry Division is responsible for the North Carolina State Shipyard. The shipyard, which is located on 17.2 acres in Manns Harbor, is the largest state-owned and state-operated shipyard in the United States. All 21 ferries as well as the support vessels are repaired at this facility. The shipyard has its own electrical generating power plant and water system and can function around the clock in any weather conditions. The shipyard is also capable of conducting all maintenance, from basic dry docking to making any repairs required to meet United States Coast Guard regulations. In addition, a vessel can be painted from top to bottom at the facility.

In Fiscal Year 2015–16, the Ferry Division spent \$40.9 million and was authorized 464 full-time equivalent positions. These resources were all derived from the Highway Fund.

In summary, the Ferry Division of the Department of Transportation operates and maintains one of the largest ferry systems in North America. In addition to having responsibility for safe and effective operation of seven routes spanning the North Carolina seaboard, the Ferry Division is responsible for managing the largest state-owned and state-operated shipyard in the United States. The Joint Legislative Program Evaluation Oversight Committee tasked the Program Evaluation Division with determining what actions the Ferry Division could take to more efficiently and effectively provide its services.

Findings

Finding 1. The Ferry Division can save more than \$1.5 million annually by reducing the number of crossings on routes during periods with lower use.

In Fiscal Year 2015–16, the Ferry Division used separate schedules for each route in order to most cost-effectively meet the needs of both visitors and area residents. Visitors to the region generally use ferry services to get to and from vacation destinations. Consequently, visitors using a ferry route can be expected to use this service only a few times per year.

Conversely, area residents use ferry services for a variety of reasons. For example, the Aurora-Bayview ferry route is primarily used for commuting, whereas the Currituck-Knotts Island route is extensively used both for commuting and recreation. Frequency of patronage by area residents depends on their reasons for using the ferry service and can vary from near-daily commuting to only a handful of usages per year for discretionary reasons such as recreational travel.

To help ensure the cost-effective use of state funds, the Ferry Division uses varying schedules to accommodate changes in seasonal demand. For example, the Hatteras-Ocracoke ferry route typically experiences pronounced seasonal ridership variations as a consequence of heavy summer tourist use. In response, the schedule for this route varies in terms of the number of crossings, ranging from 36 crossings during winter to 72 crossings during the peak season of summer. For some routes, the Ferry Division also includes a “transitional” schedule to accommodate additional ferry demand during holidays such as Easter weekend when tourists have historically visited coastal areas in large numbers.

The Ferry Division lacks adequate activity cost information to assess whether the State is using its resources efficiently and effectively.

Specifically, the performance measures used by the Department of Transportation in Fiscal Year 2015–16 did not include costs to perform operational activities. An effective performance management system that includes the cost and number of outputs produced by each applicable activity can provide useful information for assessing whether the State is using its resources efficiently and effectively. The Governor, legislators, and the public can use performance information to help determine whether each state agency-administered program is improving its efficiency over time, compare the effectiveness of similar services among agencies and private providers, and make decisions regarding the most cost-effective use of available resources to accomplish statewide goals and objectives.

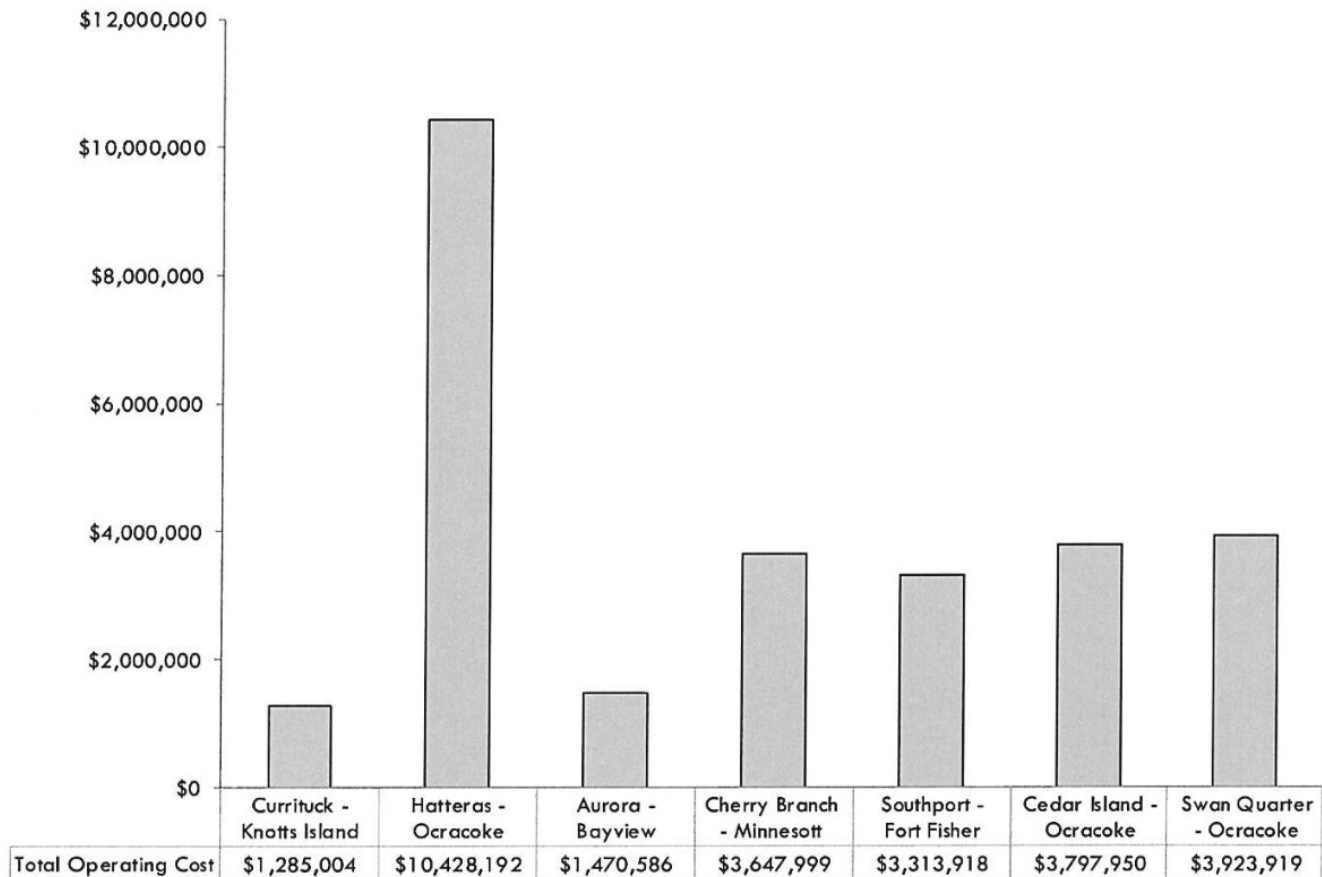
The Program Evaluation Division used data provided by the Ferry Division to determine the cost of each of the four identified activities associated with the operation and maintenance of each ferry route in Fiscal Year 2015–16. These four activities were

- **Ferry boat operations.** This activity captures ferry boat use for transporting vehicles and passengers on each of the seven scheduled routes. In addition to the cost of fuel and crew labor, ferry boat operations include costs associated with the maintenance and repair of each boat.
- **Terminal operations.** Each ferry route has a terminal at each end of the route.⁴ Operating costs include the cost of the personnel assigned to each of the 13 ferry terminals as well as associated maintenance and material costs.
- **Dock maintenance and repair.** This operational activity is responsible for ensuring the docks and associated equipment provide for the safe operation of each route. Operating costs include labor and material costs to maintain dock and pilings.
- **Dredging operations.** The dredging operation activity contributes to the State's transportation goals by helping ensure that the waterway channels are deep and wide enough for safe operation. This responsibility is currently shared between DOT and the Army Corps of Engineers. Costs are only associated with the dredging conducted by the Ferry Division for each of the support vessels.

In Fiscal Year 2015–16, costs to operate each of the seven scheduled ferry routes varied with the Hatteras-Ocracoke route requiring the greatest cost. Variations in operating costs are associated with the number of daily crossings and the length of routes. For example, as shown in Exhibit 4, the Hatteras-Ocracoke route had the highest annual operating cost of the seven scheduled routes in Fiscal Year 2015–16. During peak demand periods, the Ferry Division assigned up to eight ferry boats to the route. This concentration of resources, coupled with the recent requirement to use a longer route with a one-hour transit time, resulted in operating costs for Hatteras-Ocracoke that were more than twice as large as operating costs of any of the other routes.

⁴ The Swan Quarter-Ocracoke and Cedar Island-Ocracoke ferry routes both use the Silver Lake terminal at the Ocracoke end of their routes.

Exhibit 4: Operating Costs for the Hatteras-Ocracoke Route Were More Than Twice as Large as Those of Any Other Route in Fiscal Year 2015–16

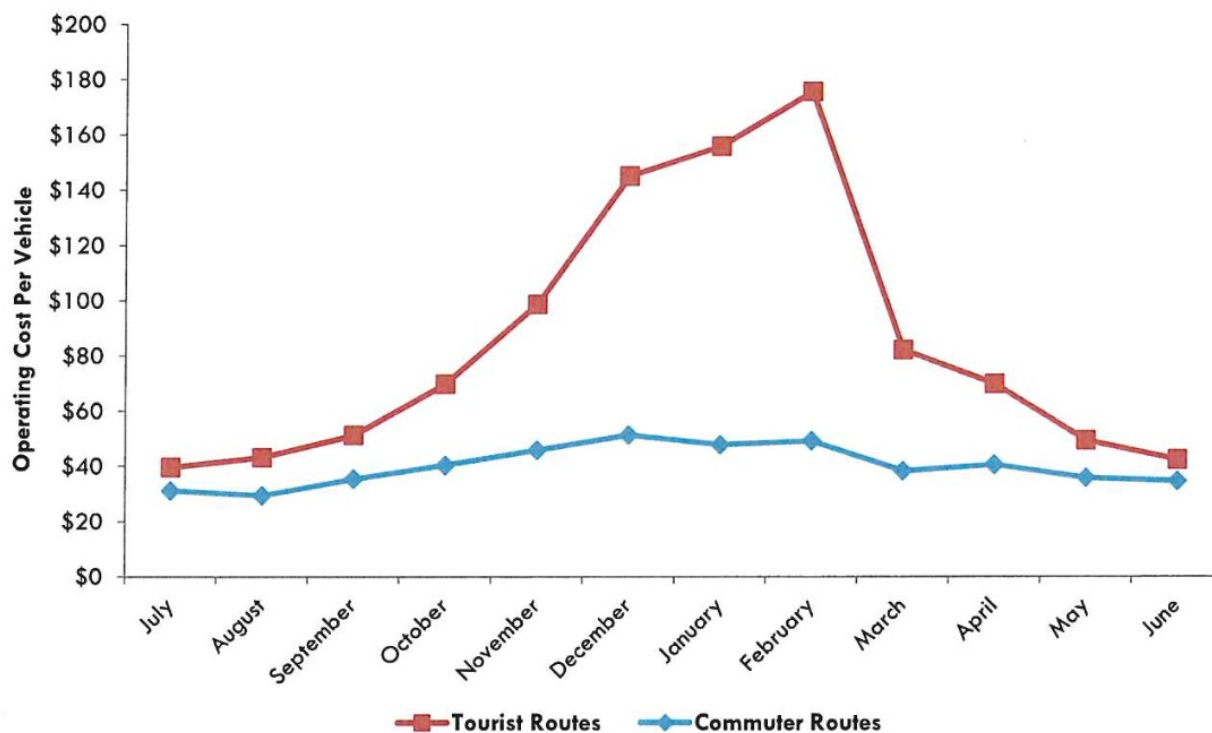


Note: Operating costs include labor (terminal and vessel), fuel, maintenance (terminal, vessel, and docks), and dredging. Costs related to system executive management and system-wide administrative activities were not included.

Source: Program Evaluation Division based on information provided by the Ferry Division.

Seasonal use differences contributed to variations in average per vehicle operating costs. Average operating cost per vehicle is dependent on the number of vehicles transported during each crossing. As shown in Exhibit 5, tourist-oriented routes—the three routes serving Ocracoke Island and the Southport-Fort Fisher route—had more variation in use than the other three routes. Because both Ocracoke Island and the area around the Southpoint-Fort Fisher route serve as summer vacation destinations, these routes experienced wider fluctuations in demand. Consequently, periods of low demand in the winter have contributed to an overall higher average cost per vehicle for these routes. Appendix A depicts the variation in utilization rates for each of the seven ferry routes in Fiscal Year 2015–16.

Exhibit 5: Routes Primarily Serving Tourists Had the Highest Variation in Operating Cost Per Vehicle Transported in Fiscal Year 2015–16



Note: Tourist Routes are all Ocracoke routes (Cedar Island, Swan Quarter, and Hatteras) and the Southport-Fort Fisher route due to its relatively high increase in summer ridership. Commuter Routes are Currituck-Knotts Island, Aurora-Bayview, and Cherry Branch-Minnesott.

Source: Program Evaluation Division based on information provided by the Ferry Division.

The Ferry Division can save more than \$1.5 million annually by reducing the number of crossings on routes during months with lower use. The Program Evaluation Division (PED) determined that operating costs can be reduced on routes with periods of lower use without adversely affecting area visitation or the ability of the Ferry Division to meet the needs of area residents.

As shown in Exhibit 6, PED identified the monthly vehicle utilization rate for each of the seven scheduled routes during Fiscal Year 2015–16. The vehicle utilization rate was calculated by dividing the number of vehicles transported on the route by the total capacity of all route crossings conducted during the month.

To demonstrate the potential efficiencies that can be achieved, PED identified low monthly utilization rates as occurring when the number of vehicles using the route was less than or equal to 45% of the monthly route capacity. For these months, PED then identified the number of crossings that could be reduced while continuing to meet the estimated demand for services. In no instance was the number of crossings reduced by more than 33% of the original number of crossings scheduled for the applicable month in Fiscal Year 2015–16.

Exhibit 6: The Ferry Division Can Realize Over \$1.5 Million in Annual Cost Savings by Reducing the Number of Crossings on Routes During Periods With Lower Use

Route	Number of Months With Low Average Utilization Rate (45% Or Less)	Number of Scheduled Daily Crossings (FY 2015–16)	Example Reduction in Daily Crossings – Low Utilization Months Only	Total Estimated Annual Savings
Currituck - Knotts Island	12	10-12	4	\$ 44,617
Hatteras - Ocracoke	6	36	12	953,419
Aurora - Bayview	0	14	0	0
Cherry Branch - Minnesott	9	54	18	182,508
Southport - Fort Fisher	3	28	9	91,314
Cedar Island - Ocracoke	5	6	2	123,863
Swan Quarter - Ocracoke	6	6	2	167,078
Total Savings (All Routes)				\$1,518,799

Note: Total annual savings for each route are calculated by adding monthly savings for each month with low utilization. The number of months of low utilization varies among routes. Monthly savings vary due to differences in the number of days in calendar months.

Source: Program Evaluation Division based on information provided by the Ferry Division.

PED calculated annual savings by multiplying the variable cost associated with each applicable crossing, which only included prorated fuel and maintenance costs, by the number of proposed crossing reductions in the month. In addition, for the Hatteras-Ocracoke route, which has eight assigned ferry boats, PED included savings associated with the ability to remove ferry boats from service while meeting proposed crossing requirements. Savings associated with the temporary removal of ferry boats from service includes reductions in labor costs to operate those boats.

The Ferry Division uses temporary or part-time positions to more efficiently meet the increased peak-season crossing requirements of affected ferry routes. In Fiscal Year 2015–16, there were 467 positions designated to a scheduled ferry route. These positions included 298 full-time positions with another 169 positions designated as temporary or part-time. As a result, the Ferry Division is better equipped to achieve reductions in labor costs by reducing the number of assigned ferry routes during periods of lower use.

This analysis demonstrates the potential cost savings gained from a more cost-effective use of available resources. However, due to a lack of available information, it does not include all necessary factors that should be considered. For example, because usage rates for each daily crossing were not provided, PED was unable to consider which daily crossing(s) should be eliminated or the associated impact on the public. Consequently, further analysis should be conducted prior to implementing any changes to the number of scheduled crossings for each applicable route.

In summary, the cost to operate and maintain each ferry route varies. Variation in operating cost is due in part to the length of the crossing and the number of scheduled crossings for each route. In addition, the average cost per vehicle varies among ferry routes, with routes providing service to vacation destinations having greater monthly variability. The Ferry Division

can reduce its system-wide operating costs by reducing the number of crossings for certain routes during periods of low utilization.

Finding 2. The Ferry Division can increase revenue from annual fare collections by \$1.7 million on its currently tolled routes without adversely impacting area commuters.

In Fiscal Year 2015–16 the Ferry Division collected fares from three tolled ferry routes. These routes were

- Southport-Fort Fisher
- Cedar Island-Ocracoke, and
- Swan Quarter-Ocracoke.

In Fiscal Year 2015–16, fares ranged from \$1 to \$45 per crossing depending on the route and passenger/vehicle characteristics. For example, the fare for a vehicle of less than 20 feet was \$15 for both the Cedar Island-Ocracoke and Swan Quarter-Ocracoke ferry routes, whereas the fare for this type of vehicle was \$5 for the Southport-Fort Fisher route.⁵

In addition, the Ferry Division fare structure for Fiscal Year 2015–16 included an annual commuter pass that costs \$150 for most vehicles and allows for unlimited use of all three of the tolled ferries for the designated vehicle.⁶ As shown in Exhibit 7, based on this fare structure the Ferry Division collected \$2.3 million from tolled ferry routes in Fiscal Year 2015–16. These revenues included fares generated from the sale of 799 annual commuter passes.

Exhibit 7

In Fiscal Year 2015–16,
DOT Collected \$2.3 Million
in Fares From Its Three
Tolled Ferry Routes

Route	Fare Collections
Southport-Fort Fisher	\$ 843,889
Cedar Island-Ocracoke	728,439
Swan Quarter-Ocracoke	632,333
System-Wide Commuter Passes	126,950
Total	\$2,331,611

Source: Program Evaluation Division based on information provided by the Ferry Division.

In Fiscal Year 2015–16, receipts from fares supported only 6% of Ferry Division expenditures. Farebox recovery ratio represents the ratio of fare revenue to operating expenditures. It measures the extent to which users provide revenue to support services they use. Farebox recovery should be considered separately for privately-owned and publicly-owned ferry systems due to their different purposes. Whereas the main purpose of

⁵ For the Cedar Island-Ocracoke and Swan Quarter-Ocracoke routes, one-way fares are \$30 for a vehicle and/or combination that is 20 to 40 feet in length and \$45 for a vehicle and/or combination that is 40 to 65 feet in length. For the Southport-Fort Fisher route, one-way fares are \$10 for a vehicle and/or combination 20 to 40 feet in length and \$15 for a vehicle and/or combination 40 to 65 feet in length.

⁶ The price for an annual commuter pass is \$150 for a vehicle and/or combination up to 20 feet in length; \$200 for a vehicle and/or combination that is 20 to 40 feet in length; and \$250 for a vehicle and/or combination that is 40 to 65 feet in length.

private systems is to generate revenue, publicly-owned systems also operate as a public good as part of the transportation network.

As shown in Exhibit 8, based on the results of a study conducted by the Washington State Department of Transportation, in Fiscal Year 2012–13 the Ferry Division had one of the lowest percentages of operating expenditures covered by fare revenue of any major publicly-owned ferry system in North America.⁷ Specifically, with the exception of the Staten Island Ferry System, which is a free passenger-only ferry service connecting Staten Island and Manhattan, the Ferry Division is the only major publicly-owned ferry system with a farebox recovery ratio of less than 25%.⁸

Fares charged on each of North Carolina's tolled ferry routes have not been revised since 2003.⁹ As a result, the farebox recovery ratio for the Ferry Division has most likely decreased because fare charges have not reflected associated changes in inflation and corresponding increases in operating expenses. Increases in the farebox recovery ratio can be achieved through fare increases or by reducing operating expenses.

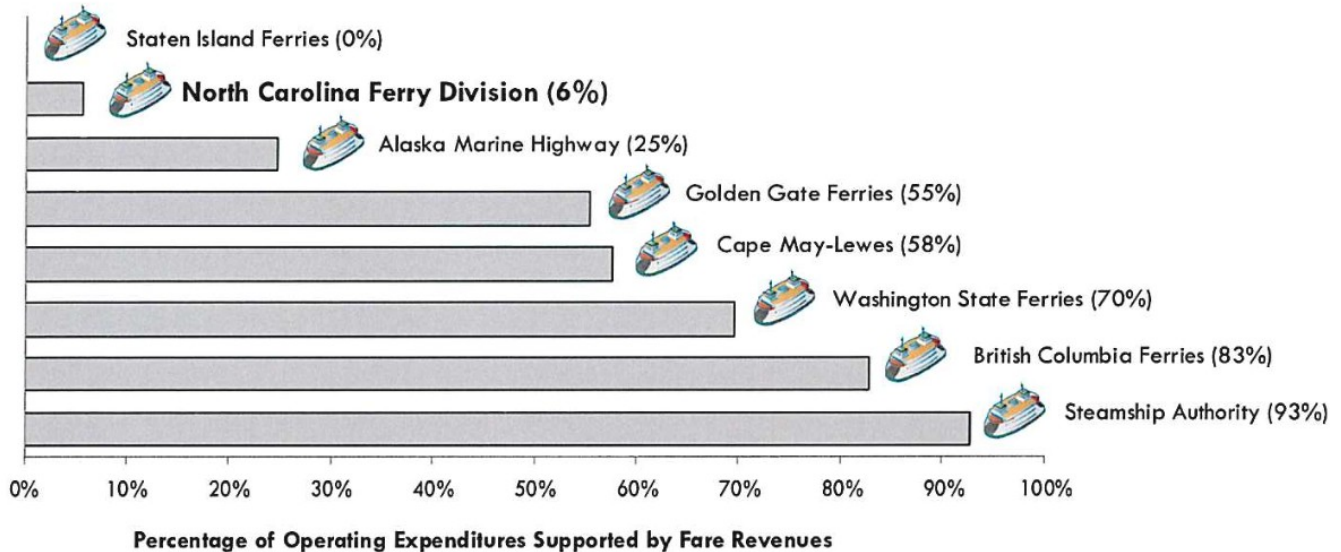
Currently, there is no established farebox recovery target. Establishment of a farebox recovery target ratio could help address the ferry system's long-range funding needs. For example, a Joint Legislative Task Force on Ferries in the state of Washington recommended that the farebox recovery ratio be increased from approximately 60% to 80% over six years as part of a long-range plan for that state's ferry system.

⁷ Lester, J. (2015). *A 2015 comparison of operational performance: Washington state ferries to ferry operators worldwide*. Report prepared for the State of Washington, Department of Transportation.

⁸ Appendix B provides a listing of other characteristics of each of these North American ferry systems.

⁹ The fare is \$1 for pedestrians on each of the tolled routes. For the Cedar Island and Swan Quarter routes, the fare is \$3 for a bicycle and \$10 for a motorcycle, scooter, golf cart, all-terrain vehicle (ATV), or three-wheel motorcycle. For the Southport-Fort Fisher ferry routes the fare is \$2 for a bicycle and \$3 for a motorcycle, scooter golf cart, ATV, or three-wheel motorcycle.

Exhibit 8: In FY 2012–13, the Ferry System Had One of the Lowest Percentages of Operating Expenditures Supported by Fare Revenues of Any Major Publicly-Owned Ferry System in North America



Note: Appendix B provides a listing of other characteristics of each of these North American ferry systems.

Source: Program Evaluation Division based on A 2015 Comparison of Operational Performance: Washington State Ferries to Ferry Operators Worldwide.

The mission of the ferry system is to cost-effectively contribute to each of the goals of the State's transportation system. Consequently, focusing exclusively on maximizing the farebox recovery ratio could adversely affect achievement of some of these objectives. For example, two of the goals of the Department of Transportation are to promote economic growth and improve the reliability and connectivity of the State's transportation system. To ensure the ferry system effectively contributes to these goals, it may be appropriate to solely use state funds to operate the system as opposed to focusing on boosting the farebox recovery ratio through fare increases or reductions in operating expenditures. Exclusively using state funds can help increase the impact of the Ferry Division on the region's economic growth and correspondingly increase the amount of state and local tax receipts.

On the other hand, improving the farebox recovery ratio can positively affect the contribution of the ferry system to other goals of the State's transportation system. For example, other strategic goals of DOT are to cost-effectively deliver and maintain the transportation infrastructure and to provide great customer service. Increasing the percentage of operating expenditures recovered by fare revenue assists in the achievement of these goals.

A recent initiative to raise additional revenue from fares was unsuccessful. In 2011, the General Assembly enacted legislation directing DOT and the Board of Transportation to establish tolls for all ferry routes except the Hatteras-Ocracoke and Currituck-Knotts Island routes in order to increase annual revenue collected by the Ferry Division to \$5 million by

2014.¹⁰ In anticipation of this legislation, DOT contracted for a study that included alternatives to achieve the legislative mandate.¹¹ Subsequently, a fiscal note was prepared by DOT that used the fare pricing alternatives identified in the department-funded study and concluded that the proposal would increase costs to North Carolina citizens by more than the revenue realized from the additional fares. These additional costs included an increase in ferry tolls paid and expenditures on motor fuels associated with decisions to use existing roads instead of the ferry due to increased cost. In response to these studies, as well as concerns expressed by area residents, the Governor issued an executive order placing a moratorium on any fare increases unless lifted by act of the General Assembly.¹²

Fare increases are generally not supported by area residents, who often rely on ferries to commute to and from work or school.

The Ferry Division provides services to both area residents and visitors. Area residents use scheduled ferry routes for a variety of reasons including work and school commutes. Due to their frequent patronage of the system, any increase in fares would have a disproportionate impact on these commuters. As a result, area residents have resisted prior initiatives to increase fares.

In Pamlico County, Highway 306 and its ferries are part of the daily working highway corridor structure for small businesses and contractors, school and community college students, school systems, Emergency Management, vendors, military bases, regional workforce, working families, government workers, doctor visits, and the daily working life of Eastern North Carolina tax-paying citizens. It is the same scenario for many of our ferry-dependent neighbors."

- Director of Planning and Economic Development for Pamlico County

Local government entities also have expressed concerns regarding any increase in the fares paid by area residents for ferry services. For example, in March 2013, the Carteret County Board of Commissioners approved a resolution opposing any increases to the Cedar Island-Ocracoke ferry linking Carteret County to the Outer Banks. The board stated in its resolution that it also opposes the collection of any new tolls for the Cherry Branch-Minnesott ferry in neighboring Craven County.

However, the Cape Fear Rural Planning Organization Advisory Committee and Wilmington Metropolitan Planning Organization adopted a resolution in May 2016 supporting a fare increase from \$5 to \$7 for vehicles under 20 feet for the Southport-Fort Fisher ferry route. The resolution stipulated that this increase be contingent on there being no change in the price of a commuter pass, thereby protecting regular users from increased costs.

The Ferry Division can increase annual fare collections on its currently tolled routes by over \$1.7 million without adversely affecting area commuters. The Program Evaluation Division analyzed the current fare

¹⁰ N.C. Sess. Law 2011-145.

¹¹ CM Smith. (2012). *North Carolina ferry system revenue study*. Report prepared for North Carolina Department of Transportation, Ferry Division.

¹² N.C. Executive Order 116, February 29, 2012.

structure to identify opportunities to increase receipts from fares without adversely affecting area residents who use ferry services to commute to and from work and school. This analysis determined that fares should continue to remain free to the public for the four currently non-tolled routes. Three of these currently non-tolled routes—Currituck-Knotts Island, Aurora-Bayview, and Cherry Branch-Minnesott Beach—serve a high concentration of commuters. Consequently, charging a fare on these routes would produce a disproportionately adverse impact on area residents.

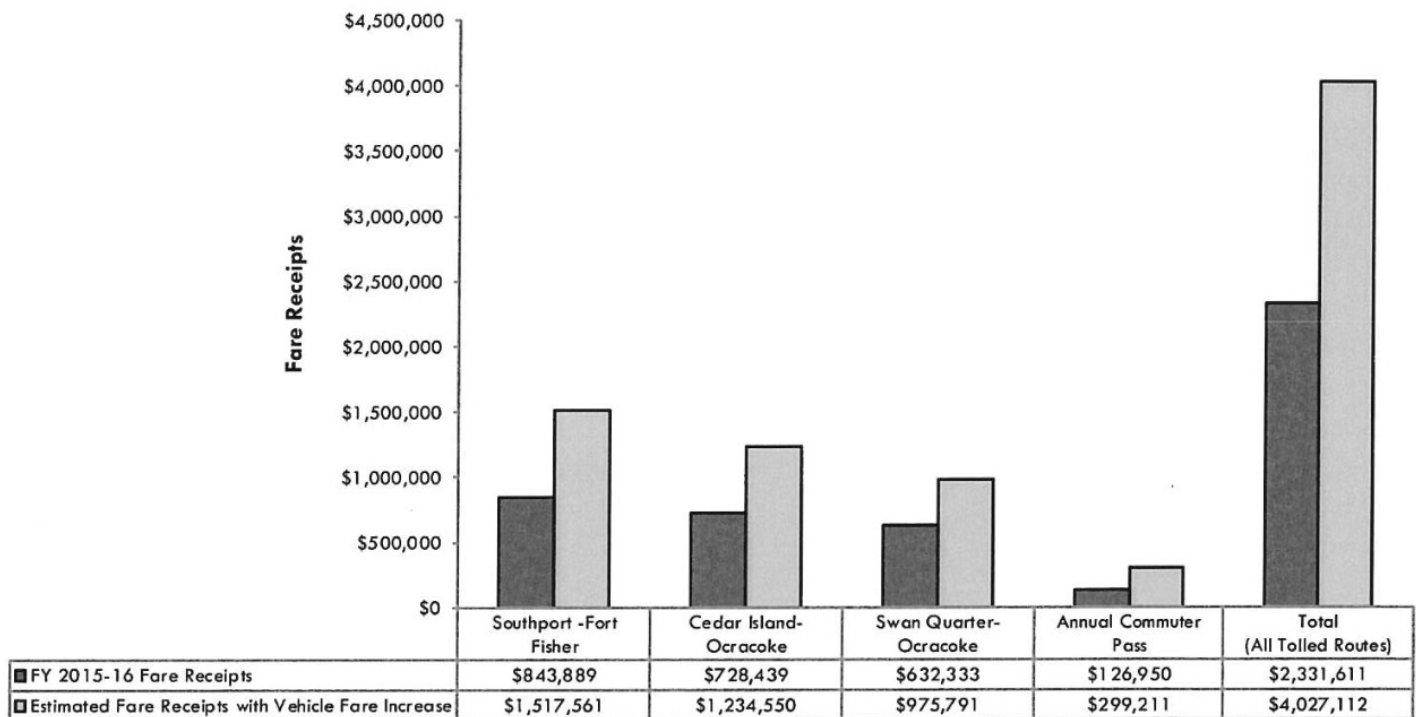
The Program Evaluation Division determined there is insufficient information to determine the adverse economic impact of implementing a fare for the Hatteras-Ocracoke vehicle ferry route. As reported in the Ocracoke-Hatteras Passenger Ferry Feasibility Study, 83% of visitors to Ocracoke spend only one day on the island. The study also reported that these visitors spend an average of \$40 per visit. Consequently, implementation of a toll for these visitors may negatively affect their decision to travel because it would represent a significant share of their total expenditures. As a result, the potential adverse economic impact to the residents of Ocracoke may outweigh the benefits from any additional revenues.

The Ferry Division is planning to offer a passenger-only ferry alternative for the Hatteras-Ocracoke route in 2018. The Passenger Ferry Feasibility Study recommended a round-trip fare of \$15 for this service. Should this new service be tolled, usage rates between the passenger-only service and vehicle service could be compared to determine the potential impact on ridership and associated economic impact from implementation of a toll.

The Program Evaluation Division determined fares could be increased on existing tolled routes without adversely affecting frequent users. Specifically, increasing vehicle fares by \$15 per crossing for the Swan Quarter-Ocracoke and Cedar Island-Ocracoke routes and by \$5 per vehicle for the Fort Fisher-Southport route would generate an estimated \$1.7 million in additional annual fare receipts. These fare revisions should not apply to pedestrians and bicycles because of the low operating costs to transport these passengers.

Vehicle fare increases would not adversely affect area residents who use ferry services to commute to and from work and school because of the availability of an annual commuter pass. The Program Evaluation Division estimates that the proposed increase in vehicle fares would further incentivize frequent users to purchase a commuter pass and thereby limit their total annual expenditures for ferry services to \$150 per year. For example, any area resident who uses the Swan Quarter-Ocracoke or Cedar Island-Ocracoke ferry routes to make more than five round trips in a year can purchase an annual commuter pass and avoid incurring any additional costs associated with a one-way fare increase from \$15 to \$30 for a vehicle and/or combination that is less than 20 feet. This calculation is also applicable for area residents who use the Southpoint-Fort Fisher ferry route to make more than 15 round trips in a year should the one-way fare be increased from \$5 to \$10. As shown in Exhibit 9, this alternative fare pricing structure for currently tolled ferry routes would increase system-wide annual fare collections by an estimated \$1.7 million, from \$2.3 million to \$4 million.

Exhibit 9: The Ferry Division Can Increase Fare Receipts on Currently Tolled Routes From \$2.3 Million to \$4.0 Million Annually Without Adversely Affecting Area Commuters



Source: Program Evaluation Division based on information provided by the Ferry Division.

Based on the results of a study funded by DOT in 2012, the Program Evaluation Division determined area visitor demand for ferry services would not be significantly affected by these proposed fare increases.

This conclusion is also supported by the results of a comprehensive study of the sensitivity of recreational visitors to changes in fares for ferry services conducted by the Washington State Department of Transportation.¹³ Research related to incremental recreational cost increases indicates that fee increases do not present a major barrier to visitation to a destination when the fee represents a small share of total expenditures. For that same reason, implementing a fee on the Hatteras-Ocracoke route may produce a negative economic impact.

In summary, the Ferry Division collected \$2.3 million from tolls on three of its seven scheduled ferry routes in Fiscal Year 2015–16. Receipts from these fares represented only 6% of the Ferry Division's operating expenditures. The Ferry Division can increase vehicle fares on tolled routes by \$15 for the Swan Quarter-Ocracoke and Cedar Island-Ocracoke routes and by \$5 for the Southport-Fort Fisher ferry route and realize an additional \$1.7 million in annual receipts without adversely affecting commuters or harming the economic impact achieved from visitors traveling to the region via these routes.

¹³ Washington State Department of Transportation. (2009, June). *Ferries Division Final Long-Range Plan*. Olympia, WA.

Finding 3. Using partnerships with other government entities and the private sector can reduce state funding requirements and improve the overall effectiveness of the State's ferry system.

Partnerships with other public and private entities can enable the Ferry Division to more cost-effectively contribute to the State's transportation goals by combining available state funds with other funding sources. In addition to potentially expanding the level of ferry transportation services that are available to area residents and visitors, effective utilization of partnerships allows stakeholders associated with potential ferry service initiatives to contribute resources and realize some of the potential benefits.

Forming partnerships to more cost-effectively utilize the State's ferry transportation system requires the development of a contractual agreement between each of the participating public and private entities. The use of a contractual agreement enables the sharing of skills and assets of each participating entity in delivering a ferry transportation service. In addition to sharing resources, each party also may share in the associated risks and rewards.

The proposed passenger-only ferry service for the Hatteras-Ocracoke route is an example of a partnership with a local government entity.

The island village of Ocracoke has no roadway accessibility and can only be reached by air or water. Scheduled water transportation to the island is provided exclusively by the Ferry Division. In addition to increasing access to the island, the Ferry Division's efforts have contributed to the economic development of this region by benefiting the tourism industry.

In 2013, due to shoaling in the Hatteras Inlet, the Ferry Division determined that the existing route was unsafe for its ferry operation. In response, the Ferry Division began to use a longer, deeper route between Hatteras and Ocracoke that increased crossing times from approximately 40 minutes to 60 minutes.

Using the longer route has resulted in a decrease in the number of daily crossings. Though the Ferry Division is continuing to work with the Army Corps of Engineers to dredge the original channel, the Ferry Division has not been able to use the original route since 2013. Consequently, during the summer peak season, it has become more difficult for tourists to complete a day trip to Ocracoke.

A study conducted in conjunction with a grant funded by the Department of Transportation in 2015 estimated that the increased crossing time associated with the change in the route used by vehicle ferries resulted in an average decrease of over 40,000 visitors to Ocracoke during the summer season, June through August, for 2014 and 2015. The study also attributed this decrease in the amount of visitor expenditures to the reduction in planned trips to Ocracoke and to an increase in the number of tourists abandoning a planned visit due to excessive wait times upon arrival at the Hatteras terminal.

The Program Evaluation Division estimates the new and longer ferry route resulted in a loss of 89 jobs in the tourism industry and a combined reduction of over \$500,000 in local and state tax revenue during the 2014 and 2015 summer seasons (see Exhibit 10).^{14,15} These decreases in employment and tax revenues are the result of an estimated combined decline in tourism expenditures for these two years of \$5.2 million, from an expected \$52.7 million to 47.6 million (9.7%). An estimated \$242,577 of \$526,152 in reduced tax collections is attributable to state taxes with the remaining \$283,575 associated with reductions in local tax collections. These receipts included taxes collected from the sale of merchandise, lodging, and vehicle rentals as well as income and sales tax paid by employees in the Ocracoke tourism industry.

Exhibit 10

Longer Route Between Hatteras and Ocracoke Resulted in Losses of Jobs and Tax Revenues in 2014 and 2015

Tourism Expenditure Reduction (2014 and 2015)	Jobs Lost	Reduced Tax Collections (Local)	Reduced Tax Collections (State)	Reduced Tax Collections (Total)
\$5,243,420	89	\$283,575	\$242,577	\$526,152

Source: Program Evaluation Division based on reports prepared by and for the Department of Transportation and Visit North Carolina.

Tourism expenditures directly support many businesses on the island of Ocracoke and also enhance the general economic activity of the island. For example, an expenditure made at a restaurant directly supports wait staff earnings, indirectly supports the earnings of suppliers of food and beverages sold at that restaurant, and if the wait staff or food and beverage suppliers spend their earnings, it helps support the earnings of other workers on the island.

In 2016, the General Assembly authorized the Ferry Division to develop and implement a passenger-only ferry service for the Hatteras-Ocracoke route. Implementation of this passenger-only ferry service is intended to address the decrease in the number of visitors to Ocracoke associated with changes to the route used by vehicle ferries. When fully implemented, the Ferry Division will have augmented the current Hatteras-Ocracoke ferry route with two passenger-only ferries.

The Ferry Division estimates \$8.6 million in state and federal funds will be required to implement services for one passenger-only ferry for the Hatteras-Ocracoke route (see Exhibit 11). In addition to the procurement of one 100-person-capacity passenger-only ferry with an estimated cost of \$4.5 million, this requirement also includes \$2.1 million for engineering design and environmental permitting and \$1.9 million for additional capital expenditures. These non-vessel-related capital expenditures include improvements to the Hatteras and Ocracoke terminals and docks and the procurement of a ticketing and reservation system.¹⁶ Finally, DOT plans to

¹⁴ Volkert, Atkins, & ITRE. (2016). *Ocracoke—Hatteras passenger ferry feasibility study*. Prepared for North Carolina Department of Transportation, Ferry Division.

¹⁵ U.S. Travel Association (2016). *The economic impact of travel on North Carolina counties*. Prepared for Visit North Carolina.

¹⁶ Passenger-only ferry construction costs were based on estimated costs provided by the Ferry Division on May 15, 2017.

Exhibit 11

Ferry Division Estimates \$8.6 Million Will Be Required to Implement Passenger-Only Ferry Service for the Hatteras-Ocracoke Route

spend \$166,000 to purchase open-sided shuttle buses and make improvements to the associated shuttle bus transit routes.

Passenger-Only Ferry Project Category	Estimated Cost
Engineering design and environmental permitting	\$2,070,536
Construction of one passenger-only ferry	\$4,470,719
Terminal and dock improvements	\$1,788,560
Passenger shuttle services	\$166,000
Ticketing and reservation system	\$150,000
Total	\$8,645,814

Source: Program Evaluation Division based on information provided by the Ferry Division.

The local government has a key role in ensuring successful implementation of a passenger-only ferry project. To accommodate the projected increase in demand for public transportation associated with this additional ferry service, state funds also will be used to acquire three 16-passenger vehicles to shuttle ferry passengers and residents around Ocracoke Village and other points of interest. The local government will have responsibility for the operation of these passenger vehicles as well as coordination with other area surface transportation modes.

The passenger-only ferry service for the Hatteras-Ocracoke route is scheduled to become operational in May 2018. This service will augment the existing vehicle ferry service for this route with no scheduled reduction in the level of vehicle ferry service. While transit times for both the passenger-only and vehicle ferry service will be about one hour, the passenger-only ferry service will deliver passengers to the South (Silverlake) terminal at Ocracoke village. The vehicle ferry service will continue to deliver passengers to the South dock terminal, which is located approximately 13 miles from Ocracoke village and adds an estimated 15-20 minutes to overall transit time.

The new passenger-only ferry service can contribute to achievement of the State's transportation goals. Implementation of a passenger-only ferry system for the Hatteras-Ocracoke route also may attract other potential visitors who view a passenger-only ferry as a better mode of transportation and consequently a significant factor in their vacation travel planning. In addition to utilizing the Silver Lake terminal and relieving passengers of any difficulty associated with vehicle parking, the proposed passenger-ferry vessels will have an operating service speed of 28 knots, which is nearly three times as fast as the typical operating speed of 10 knots for the vehicle ferries serving the Hatteras-Ocracoke route. The opportunity to experience this new mode of marine transportation may help increase overall visitation to Ocracoke Island. Despite the \$15 round-trip toll recommended in the Passenger Ferry Feasibility Study, potential visitors may view this alternative as preferable.

Potential visitors to Ocracoke Island who use the passenger-only ferry also may be part of the group that abandoned planned visits due to excessive boarding wait times for the vehicle ferry service. For example, the Passenger Ferry Feasibility Study estimated that due to excessive wait

times, approximately 1,273 vehicles, or 3,700 people, abandoned a trip to Ocracoke Island during peak demand periods in 2014.

The planned passenger-only ferry service is intended to address this issue by incorporating a ticketing and reservation system. The proposed ticketing and reservation system will allow for the purchase of tickets in person at the ferry terminal, online via a web portal, and electronically via a mobile device application. The purchase of a ticket through this system will provide passengers with a guaranteed departure and arrival time and therefore prevent them from having to wait in line as was the case with the vehicle ferry service.

An overall increase in the number of visitors traveling to Ocracoke Island by ferry will have a positive economic impact and serve to increase associated state and local tax receipts. As shown in Exhibit 12, based on 2014 and 2015 utilization data, the Program Evaluation Division estimates each passenger contributing to an increase in the overall level of visitation to Ocracoke Island will produce an additional \$71 in tourism-related expenditures. As a result, each additional visitor will also produce an additional \$7.14 in associated local and state tax revenues.

Exhibit 12: In 2014 and 2015 Visitors Using the Hatteras-Ocracoke Ferry Route Spent an Average of \$71 on Ocracoke Island and Contributed \$7.14 to State and Local Tax Receipts

Year	Expenditures per Visitor	Local Tax Receipts per Visitor	State Tax Receipts per Visitor	Total Tax Receipts per Visitor
2014	\$72.45	\$3.30	\$3.91	\$7.21
2015	\$69.57	\$3.77	\$3.30	\$7.07
Two-Year Average	\$70.98	\$3.54	\$3.60	\$7.14

Source: Program Evaluation Division based on a report prepared for Visit North Carolina and ferry route utilization information from the Ferry Division.

As with any partnership with another entity, effective coordination is essential to ensure the initiative to add passenger-only ferry service to Ocracoke Island effectively achieves the specific objectives of area residents while contributing to the strategic objectives of the State's transportation system. Though the Ferry Division and the local government each have specific responsibilities, the success of the new service will be contingent on the effective implementation of all aspects of the initiative.

Partnerships with other entities, both public and private, represent alternative funding sources that can help increase the overall effectiveness of the ferry system. For example, in 2017 the General Assembly enacted legislation that included a requirement for the Department of Environmental Quality to conduct a study of the feasibility and cost-effectiveness of acquiring one or more dredges.¹⁷ This legislation also stipulated that the study evaluate options for minimizing costs and increasing cost-effectiveness to include public-private partnerships and shared ownership arrangements with neighboring states or the United States Army Corps of Engineers.

¹⁷ N.C. Sess. Law 2017-57, Section 13.8.(a).

However, partnerships for established services are not easily accomplished. After the State invests in transportation infrastructure such as the establishment of a ferry route, it becomes difficult in the future to shift some or all of the cost responsibility to passengers through tolls and private partnerships for sponsoring or assisting in financing operations, expansions, and enhancements.

For example, the three-and-a-half-mile Aurora-Bayview ferry route connects the northern and southern banks of the Pamlico River and is not currently tolled. In Fiscal Year 2015–16, the Ferry Division expended nearly \$1.5 million to transport 50,632 vehicles on this route.¹⁸ Employees of the largest employer in Beaufort County benefit from this route because it reduces the cost and time to commute by car from the northern half of Beaufort County and points northward. However, when a local Chamber of Commerce official, at the Program Evaluation Division's suggestion, asked the employer to discuss potentially providing financial assistance towards the Aurora-Bayview ferry, the company contended that it already made sufficient contributions to the area through jobs, through state and local taxes, and by being a customer of the state-owned Morehead City Port.

In summary, increased use of partnerships by the Ferry Division can enable more cost-effective utilization of available state funds. The current initiative to establish passenger-only ferry service on the Hatteras-Ocracoke route is an example of a partnership that can benefit both the State and local government by contributing to the economic development of the area. Increased use of partnerships with other private and government entities can provide an alternative funding source and help increase the overall effectiveness of the DOT ferry system.

Finding 4. Development of a long-range plan provides an opportunity to take a systematic approach to identifying how the Ferry Division can most cost-effectively contribute to the mission of the Department of Transportation and the strategic transportation goals of the State.

An effective plan should be based on a long-range forecast of the region's transportation needs. It should include an assessment of future funding availability and an analysis of changes to the existing system that may be required to meet those needs.

The long-range plan should be based on a 20-to-30-year forecast of transportation demand and is intended to address the region's needs over that period. It also should be regularly updated. These updates are necessary to ensure the plan reflects changes in the region's industries, economy, population, and infrastructure.

In addition, the recommended set of proposed actions contained in an effective plan should be based on analysis and consultation with other government and private entities as well as the public served by the system. Proposed actions should include consideration of the role that ferry transportation services can play in the State's economy and an assessment

¹⁸ See page 33 of this report for a detailed statistical and financial profile of the Aurora-Bayview ferry.

of benefits that could be realized through strategic investments in maritime infrastructure.

The Department of Transportation has produced several studies that provide alternative approaches to cost-effectively address the long-range objectives of the State's transportation system.

- **Statewide Long-Range Transportation Plan (2040 Plan), August 2012.** The 2040 Plan is a blueprint that sets investment and policy priorities for North Carolina's evolving transportation system over the next 30 years. It is a policy-based document that identifies transportation needs, estimates the revenue necessary to fund those needs, and outlines the investment strategies and policies supporting them. The plan focuses on policies and programs needed to enhance safety, improve mobility, and reduce congestion for all transportation modes.
- **State Transportation Improvement Plan (STIP), December 2016.** The STIP plan is a 10-year state and federally mandated plan that identifies construction funding and scheduling for transportation projects. The multi-year STIP is used to schedule most highway improvements from state and federal gas tax revenues and other federal grants.
- **Seven Portals Study, December 2011.** This study identifies opportunities for North Carolina to tie its transportation infrastructure investments to economic development and the creation of jobs. It examines the State's infrastructure as a whole and the strengths, weaknesses, opportunities, and constraints of the transportation infrastructure within each economic region as compared to the needs and objectives of each regional economy. Among the many ideas presented in the study is a recommendation to increase the number of partnerships with the private sector to realize common economic objectives.
- **Vessel Replacement Plan, April 2016.** This plan identifies the cost to refurbish and to replace each of the ferry boats and support vessels in the current inventory.

Though these studies identify alternative approaches to address the long-range objectives of the State's transportation system as a whole, a comprehensive long-range plan strictly for ferry transportation services provides an opportunity for a more in-depth analysis of the unique opportunities and potential benefits that an effective ferry system can provide. In addition to identifying alternatives to alleviate resource requirements for the State's other transportation modes, an in-depth analysis of the ferry system can help identify alternatives to stimulate economic activity in the region and achieve a corresponding increase in both state and local tax collections.

The North Carolina Maritime Strategy study is an example of a study that included a long-range plan for a specific segment of the State's transportation system.¹⁹ This study focused on the segment of the State's

¹⁹ AECOM in association with URS (2012). *NC maritime strategy final report*. Prepared for the North Carolina Department of Transportation.

transportation system used to conduct regional and global maritime trade including the opportunities and challenges the State experiences as a port for global maritime commerce. The study also examined the role North Carolina ports play in sustaining and strengthening the state economy and sought to identify opportunities and strategies to optimize the benefits gained from the State's investment in ports and associated transportation infrastructure.

As with the North Carolina Maritime Strategy study, the development of a long-range plan for ferry services offers an opportunity to identify and examine alternatives for transporting vehicles and passengers via ferries that cost-effectively contributes to the strategic objectives of the State's transportation system. The long-range plan should be used as a guide for the development of each applicable vehicle and passenger marine transportation initiative including current ferry routes identified for continuation. A long-range plan also should provide a framework for state investment in ferry transportation services. Maritime infrastructure is capital-intensive, increasingly requiring coordination among public and private stakeholders to meet maintenance and expansion requirements. To help leverage available state funds, the long-range plan should identify other potential sources of revenue including passenger fares and partnerships with other government entities and the private sector.

Other large ferry systems utilize various governance structures in partnering with private and government entities to achieve their marine transportation goals. The governance structure used to operate each segment of the ferry transportation system affects the sources from which resources are drawn and the means by which policy is established and decisions about any and every aspect of the operation are made.

As shown in Appendix C, a variety of governance structures exist that may be incorporated into a long-term plan to ensure maritime transportation cost-effectively contributes to the strategic objectives of the State's transportation system. Each of these identified governance structures has strengths and weaknesses that should be considered when determining the best approach to cost-effectively achieving these specific objectives.

For example, a public authority provides a governance structure that allows local area residents to cost-effectively achieve goals specific to their region. Establishment of a public authority for a specific geographical area and service type also enables local governments to establish partnerships to leverage available funds and helps ensure area stakeholder participation to more cost-effectively achieve identified goals and objectives. As with other potential governance structures, however, there are also risks that public authorities may not effectively serve the specific objectives of area residents. For example, establishment of public authorities with overlapping geographical boundaries may result in conflicting goals and objectives.

In addition, enabling legislation is generally required as a condition of establishing a public authority. For example, during the 2017 legislative session the General Assembly enacted a bill to authorize the creation of a

ferry transportation authority.²⁰ This legislation authorizes a public authority for a specific service area. The legislation also stipulates the criteria for establishment of the service area boundaries, as well as the organization, composition, and general powers of the public authority.

Though governance structures that facilitate the establishment of partnerships with other government and private entities enable the State to leverage its resources, they may not always be the most appropriate alternative. For example, North Carolina currently utilizes a Government Line Agency governance structure. Under this governance structure, the State owns all of the associated assets with responsibility for effective operations delegated to the Ferry Division. This governance structure helps ensure scheduled ferry routes can continue to provide the necessary transportation infrastructure to meet the requirements of area residents.

A Government Line Agency governance structure also ensures only state funds will be required to provide ferry services on established routes with supplemental funding coming from tolls and other revenue sources. For some scheduled ferry routes it may not be feasible to use governance structures that involve participation from other public or private entities. These outside entities would need to determine whether the associated benefits of participation exceed the costs. For ferry routes primarily serving area commuters such as the Aurora-Bayview route, the potential for monetary remuneration is limited due to the adverse impact to area residents associated with collecting tolls.

Stakeholder involvement is a key element of the development and implementation of an effective long-range plan for North Carolina's ferry transportation system. Key stakeholders in both government and the private sector can provide valuable input through involvement in the management and oversight of a long-term plan. For example, the Maritime Strategy study established an Executive Team to oversee the process, evaluate results, and provide objective technical and economic analysis. The Executive Team for this study included the Lieutenant Governor as well as agency heads from the Department of Transportation and the former Departments of Commerce and Environment and Natural Resources. The Maritime Strategy study also included an Advisory Council of public and private partners with responsibility for strategic development and implementation. The Advisory Council consisted of state officials and staff along with industry representatives from ocean shipping, trucking, rail and manufacturing, and community-at-large representatives.

Stakeholders and the public also can help identify and evaluate various alternatives to cost-effectively achieve the goals and objectives of the State's ferry system by participating in focused stakeholder meetings. In addition, continued stakeholder involvement after issuance of the long-term plan is an important component to its successful implementation. For example, the Maritime Strategy study included a comprehensive public involvement program. The goals of this program include

²⁰ N.C. Sess. Law 2017-120.

- fostering a public involvement process that will engage stakeholders and the public to assist in the development process and recommendations;
- producing a comprehensive and cohesive public involvement process that engages various levels of stakeholders through the utilization of a broad array of public involvement tools and techniques;
- creating opportunities to interact with project stakeholders and the public in order to garner input on the future vision for North Carolina's ports; and
- identifying opportunities to collect feedback and comments and respond to these accordingly.

These goals were achieved through engaging stakeholders and the public by educating and informing them on project-related issues, providing multiple formats and opportunities for public input, and integrating feedback into the decision-making process.

To help evaluate various alternatives, the long-range plan for ferry transportation services should utilize performance measures and targets. Performance measures and targets provide quantitative measures of economic benefit that can be realized by specific investments. In addition, performance measures and targets can be used to compare major benefits, costs, and implications of identified alternatives. For example, a measure to identify the state and local tax revenues that would be generated from each alternative can be used by the General Assembly to evaluate the return on applicable state funding requirements.

As with other long-range plans for specific segments of the State's transportation system, the availability of adequate administrative and technical resources is essential to achieving intended objectives. Required administrative resources include facilities for plan participants to meet and evaluate proposed alternatives and staff support to assist with overall coordination and drafting of reports. In addition, administrative support services are required to facilitate involvement of the maritime industry and community stakeholders. Technical resource requirements include the identification and procurement of specific areas of expertise in ferry system service alternatives as well as associated cost-benefit analysis. This expertise may be available from a variety of sources including the State's university and community college system, state agencies, and private consulting firms.

The Golden LEAF Foundation offers an example of an entity that may be able to provide funds for these resource requirements while adhering to its charter and mission. According to its charter, the Golden LEAF Foundation "shall promote the social welfare and lessen the burdens of government by using its funds to provide economic impact assistance to economically affected or tobacco-dependent regions of North Carolina." The mission of Golden LEAF is to increase economic opportunity in North Carolina's rural and tobacco-dependent communities through leadership in grant-making, collaboration, innovation, and stewardship as an independent and perpetual foundation.

The Golden LEAF Foundation focuses its grant-making in areas that show the most promise for assisting targeted communities with economic transition and/or diversification. For example, the Golden LEAF Foundation issued a grant of \$325,000 to the Department of Natural and Cultural Resources to develop and implement an agricultural and heritage tourism model that can be used to create new sustainable tourism products. Another example is a \$133,380 grant issued to the North Carolina Biotechnology Center to develop a strategic plan to guide the State's investments in biotechnology. As of June 30, 2016, the Golden LEAF Foundation reported a fund balance/net position of \$846.8 million. This amount reflects the Foundation's available unrestricted assets, less its liabilities. In Fiscal Year 2015–16, the Golden LEAF Foundation spent \$30.3 million, primarily on grant disbursements.

In summary, the development of a long-term plan can help ensure North Carolina's ferry transportation services cost-effectively contribute to achievement of the mission of DOT and the strategic transportation goals of the State. The long-term plan should utilize performance measures and targets to evaluate various alternatives and assist the General Assembly in determining expected contributions to state and local tax receipts from associated funding requirements.

Recommendations

Recommendation 1. The General Assembly should direct the Ferry Division to produce a long-range plan for the State's ferry transportation system.

The objective of the long-range plan should be to identify alternatives and make recommendations to ensure the ferry system cost-effectively contributes to the strategic objectives of the State's transportation system. Evaluation of each potential alternative should include consideration of the associated costs and benefits including the impact on state and local tax receipts and the impact on the State's other modes of transportation.

To address the long-range funding needs of the ferry system, the long-range plan also should evaluate alternative pricing structures that maximize the contribution of fares to support the operation of each ferry route, including the fare pricing alternative presented by the Program Evaluation Division. The evaluation of alternatives to the current fare pricing structure should include consideration of the impact on residents who use routes to commute to and from work or school and the economic impact to the State and region including projected changes in state and local tax receipts as a result of associated changes in ridership for each route. In addition, the long-range plan should identify appropriate levels of operating cost recovery from vehicle and passenger fares, including plans to achieve the established targets.

In addition, the long-range plan should include consideration of various governance structures including partnerships with other government entities and the private sector. At a minimum, the long-range plan should include consideration of the most appropriate governance structure for the following activities/services:

- passenger-only and vehicle ferry operations;
- ferry boat and support vessel construction and maintenance;
- terminal construction, maintenance, and operations; and
- Manns Harbor shipyard operations.

In lieu of requesting a separate legislative appropriation, the General Assembly also should direct the Ferry Division to apply for a grant from the Golden LEAF Foundation to procure necessary support services to effectively identify and evaluate potential alternatives to enhance the cost-effectiveness of the State's ferry transportation system. In addition to providing administrative support services, these responsibilities should include procurement of appropriate technical expertise from available sources including the State's university and community college system, state agencies, and private entities with specific expertise in ferry transportation systems.

The General Assembly also should direct the establishment of an Executive Team to oversee the process, evaluate results, and provide an objective technical and economic analysis. At a minimum, the Executive Team for the long-range plan for the State's ferry transportation system should include designated representatives of the following entities:

- Department of Transportation,
- Department of Natural and Cultural Resources,
- Department of Environmental Quality,

- Visit North Carolina,
- the North Carolina ferry boat and support vessel construction industry, and
- local government(s) with direct access to applicable state waterways.

The General Assembly should direct the Ferry Division to deliver this long-range plan for the State's ferry transportation system, as approved by the designated Executive Team, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division by December 1, 2018.

Recommendation 2. The General Assembly should direct the Department of Transportation to evaluate the schedule of crossings for each ferry route to ensure ferry services cost-effectively meet the needs of both area residents and tourists.

This evaluation should include alternatives presented by the Program Evaluation Division as well as input from ferry system stakeholders including local governments directly affected by ferry services. Evaluation of alternatives should include consideration of expected use and impact on the operating costs of each route.

The results of this evaluation should be included in the long-range plan.

Appendices

Appendix A: Ferry Division Routes

Appendix B: Publicly-Owned Ferry Systems in North America

Appendix C: Governance Structure Alternatives

Agency Response

A draft of this report was submitted to the North Carolina Department of Transportation's Ferry Division to review. Its response is provided following the appendices.

Program Evaluation Division Contact and Acknowledgments

For more information on this report, please contact the lead evaluator, Chuck Hefren, at chuck.hefren@ncleg.net.

Staff members who made key contributions to this report include Pat Madej. John W. Turcotte is the director of the Program Evaluation Division.

Appendix A: Ferry Division Routes

Division Performance FY15-16:

Number of Routes:	7
Number of Ferries:	21
Daily Crossings:	154-202
Total Crossings:	61,662
Sailings on Time:	95.8%
Vehicles Transported:	801,256
Passengers Transported:	1,872,757
Monthly Capacity Range:	16.3-95.7%
Average Capacity Used:	49.0%

Division Expenditures FY15-16:

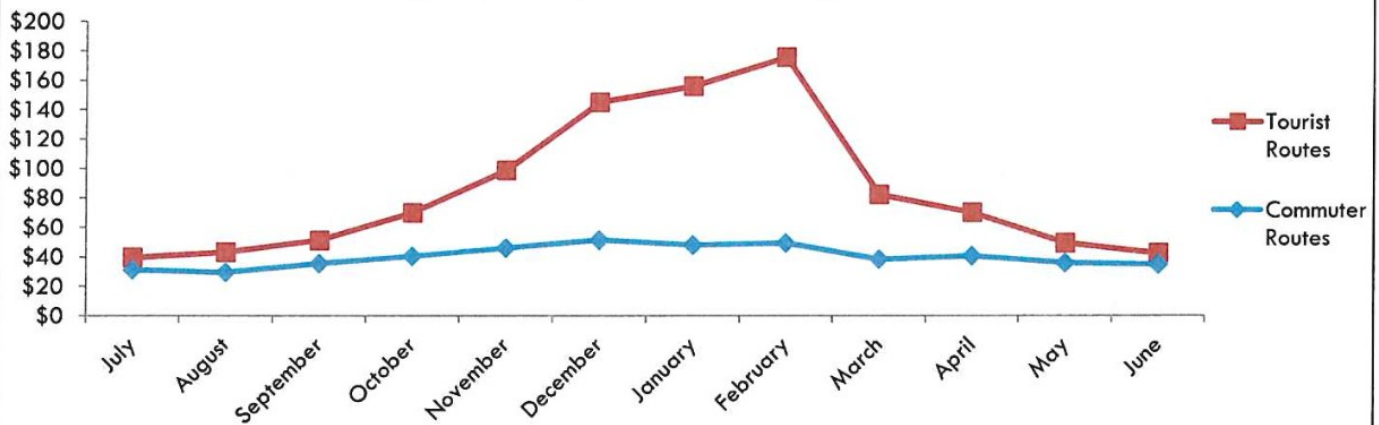
Vessel Costs:	\$20,672,052
Terminal Costs:	5,809,652
Marine Maintenance Costs:	1,319,864
Dredging Costs:	66,001
Total Operating Costs:	\$27,867,568

Division Revenue FY15-16:

Net Toll Revenue:	\$ 2,204,661
Commuter Pass Revenue	126,950
Total Revenue:	\$ 2,331,611



Average Operating Cost Per Vehicle by Month FY15-16



Notes: Excluding weather-related missed sailings, 98.3% of sailings were made on time. Operating costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Operating costs include labor (terminal and vessel), fuel, maintenance (terminal, vessel, and docks), and dredging costs. Costs related to system executive management and system-wide administrative activities were not included. Tourist routes are Ocracoke routes (Cedar Island, Swan Quarter, and Hatteras) and Southport-Fort Fisher due to a relatively high increase in summer ridership. Commuter routes are Currituck-Knotts Island, Aurora-Bayview, and Cherry Branch-Minnesott.

Currituck - Knotts Island

Route Information FY15-16:

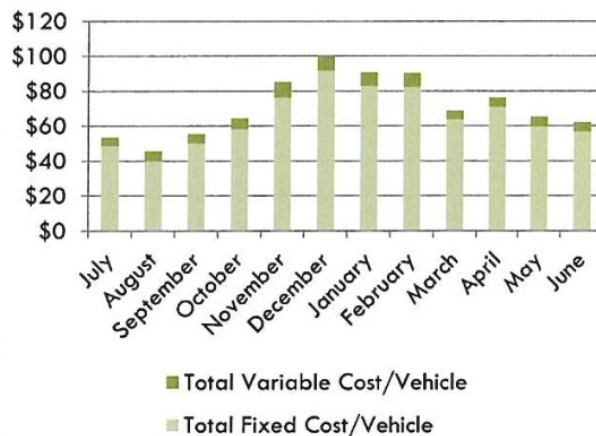
County:	Currituck
Primarily Serves:	Commuters, local K-12 students
Route Distance:	5 miles
Sailing Time:	45 minutes
Passenger Vehicle Fare:	\$0
Daily Crossings:	10 - 12



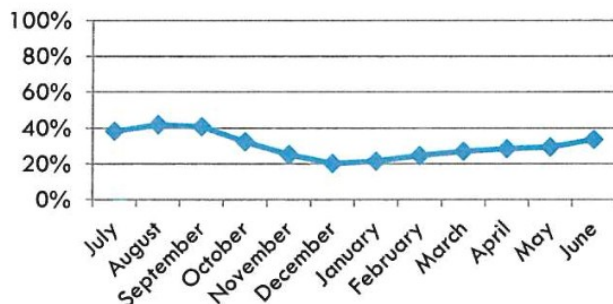
Route Performance FY15-16:

Vehicles Transported:	19,016
Percent Out of State Vehicles:	34.4%
Operating Costs:	\$1,285,004
Variable Costs:	\$118,709
Average Cost Per Vehicle:	\$68
Average Cost Per Crossing:	\$329
Variable Cost Per Crossing:	\$30
Sailings on Time:	96.2%
Change in Ridership FY08-09 to FY15-16:	-31.5%

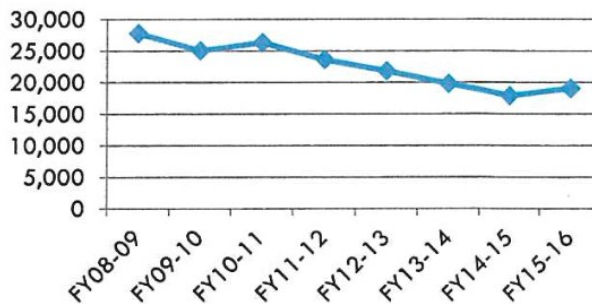
FY15-16 Monthly Costs Per Vehicle



FY15-16 Monthly Capacity Utilization



Yearly Vehicle Ridership

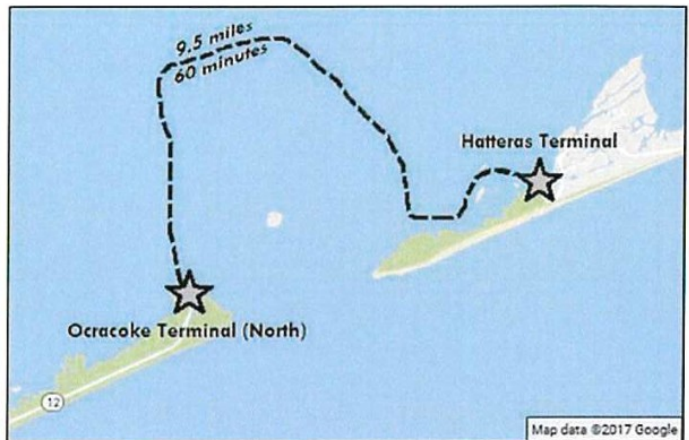


Notes: Operating costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Operating costs include labor (terminal and vessel), fuel, maintenance (terminal, vessel, and docks), and dredging costs. Costs related to system executive management and system-wide administrative activities were not included. Variable costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Variable costs include fuel and vessel maintenance costs.

Hatteras - Ocracoke

Route Information FY15-16:

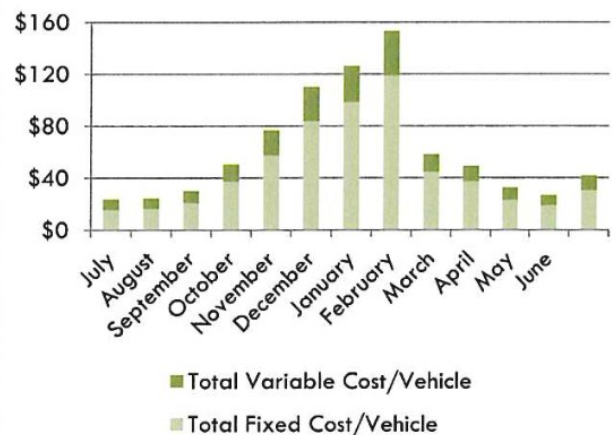
Counties:	Hyde, Dare
Primarily Serves:	Ocracoke residents, tourists
Route Distance:	9.5 miles
Sailing Time:	60 minutes
Passenger Vehicle Fare:	\$0
Daily Crossings:	36 - 72



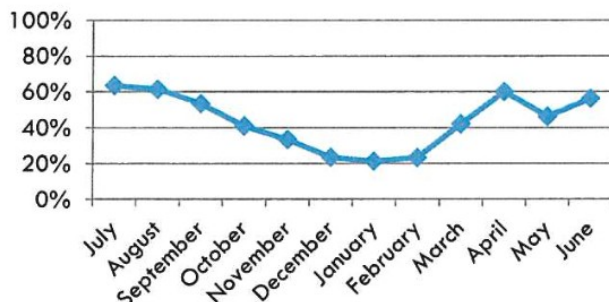
Route Performance FY15-16:

Vehicles Transported:	249,858
Percent Out of State Vehicles:	59.0%
Operating Costs:	\$10,428,192
Variable Costs:	\$2,882,240
Average Cost Per Vehicle:	\$42
Average Cost Per Crossing:	\$556
Variable Cost Per Crossing:	\$154
Sailings on Time:	95.6%
Change in Ridership FY08-09 to FY15-16:	-23.9%

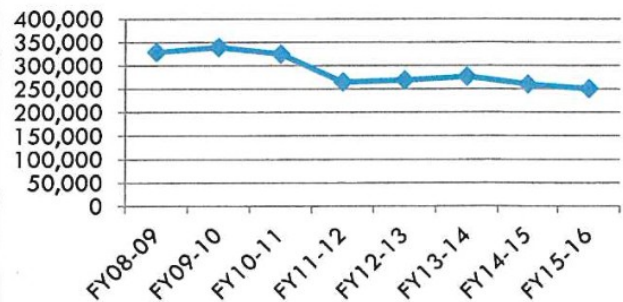
FY15-16 Monthly Costs Per Vehicle



FY15-16 Monthly Capacity Utilization



Yearly Vehicle Ridership



Notes: Operating costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Operating costs include labor (terminal and vessel), fuel, maintenance (terminal, vessel, and docks), and dredging costs. Costs related to system executive management and system-wide administrative activities were not included. Variable costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Variable costs include fuel and vessel maintenance costs.

Aurora - Bayview

Route Information FY15-16:

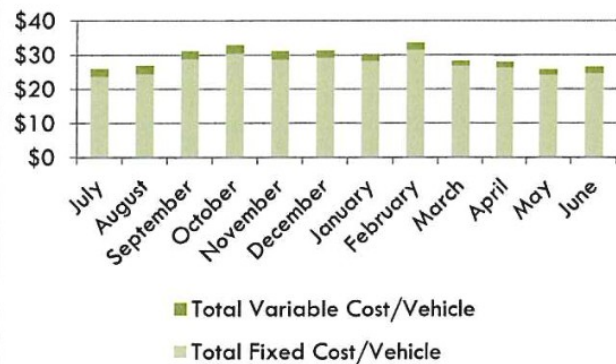
County:	Beaufort
Primarily Serves:	Commuters, Potash Corp
Route Distance:	3.5 miles
Sailing Time:	30 minutes
Passenger Vehicle Fare:	\$0
Daily Crossings:	14



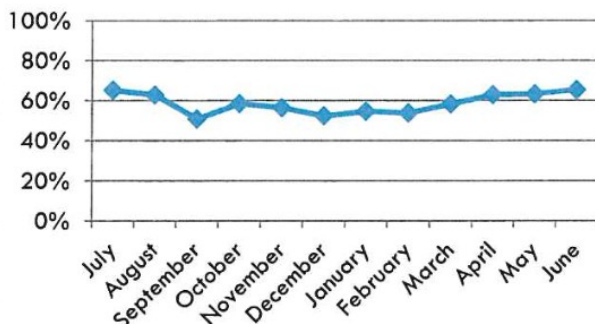
Route Performance FY15-16:

Vehicles Transported:	50,632
Percent Out of State Vehicles:	2.4%
Operating Costs:	\$1,470,586
Variable Costs:	\$105,602
Average Cost Per Vehicle:	\$29
Average Cost Per Crossing:	\$295
Variable Cost Per Crossing:	\$21
Sailings on Time:	97.2%
Change in Ridership FY08-09 to FY15-16:	-36.9%

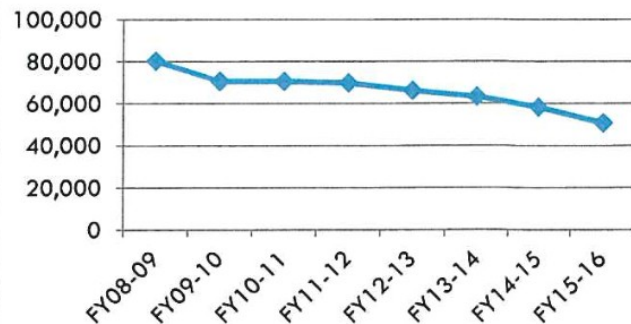
FY15-16 Monthly Costs Per Vehicle



FY15-16 Monthly Capacity Utilization



Yearly Vehicle Ridership



Notes: Operating costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Operating costs include labor (terminal and vessel), fuel, maintenance (terminal, vessel, and docks), and dredging costs. Costs related to system executive management and system-wide administrative activities were not included. Variable costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Variable costs include fuel and vessel maintenance costs.

Cherry Branch – Minnesott Beach

Route Information FY15–16:

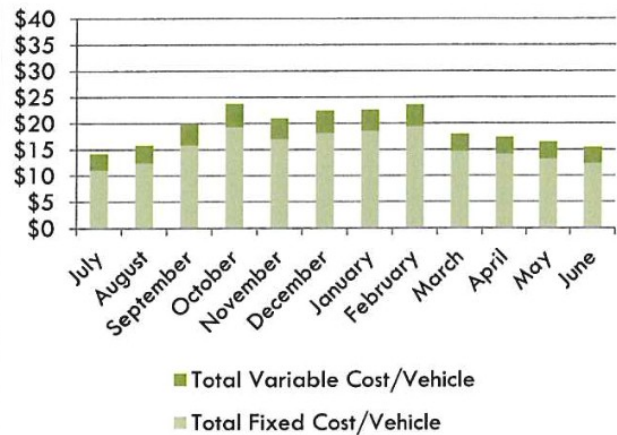
Counties:	Craven, Pamlico
Primarily Serves:	Commuters, MCAS Cherry Point
Route Distance:	2 miles
Sailing Time:	20 minutes
Passenger Vehicle Fare:	\$0
Daily Crossings:	54



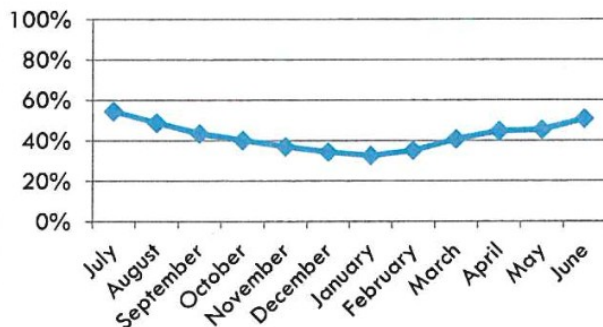
Route Performance FY15–16:

Vehicles Transported:	196,210
Percent Out of State Vehicles:	6.6%
Operating Costs:	\$3,647,999
Variable Costs:	\$714,538
Average Cost Per Vehicle:	\$19
Average Cost Per Crossing:	\$193
Variable Cost Per Crossing:	\$38
Sailings on Time:	96.0%
Change in Ridership FY08-09 to FY15-16:	-24.6%

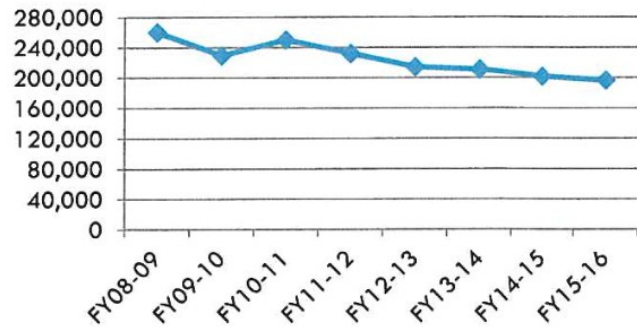
FY15-16 Monthly Costs Per Vehicle



FY15-16 Monthly Capacity Utilization



Yearly Vehicle Ridership

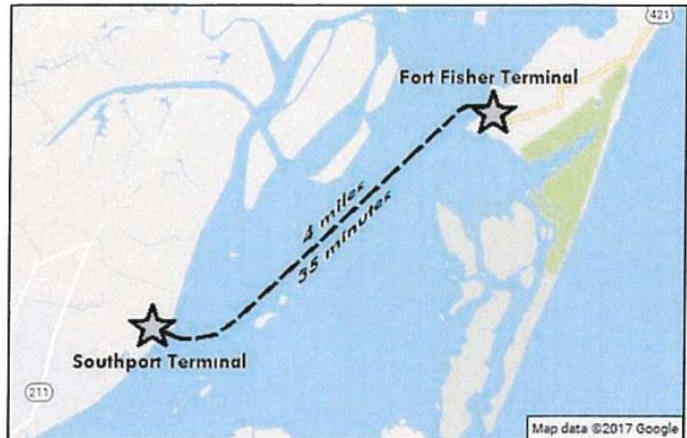


Notes: Operating costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Operating costs include labor (terminal and vessel), fuel, maintenance (terminal, vessel, and docks), and dredging costs. Costs related to system executive management and system-wide administrative activities were not included. Variable costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Variable costs include fuel and vessel maintenance costs.

Southport – Fort Fisher

Route Information FY15–16:

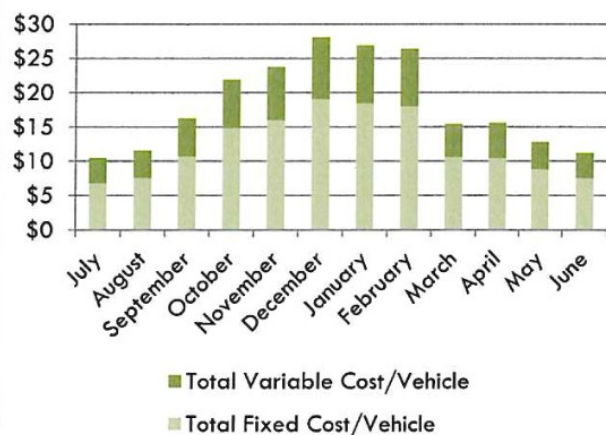
Counties:	Brunswick, New Hanover
Primarily Serves:	Commuters, tourists
Route Distance:	4 miles
Sailing Time:	35 minutes
Passenger Vehicle Fare:	\$5 - \$15
Daily Crossings:	28 - 32



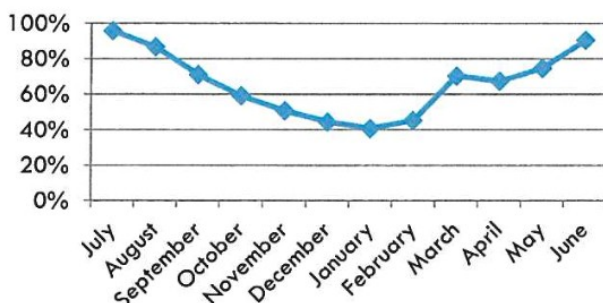
Route Performance FY15–16:

Vehicles Transported:	204,799
Percent Out of State Vehicles:	32.7%
Operating Costs:	\$3,313,918
Variable Costs:	\$1,086,725
Average Cost Per Vehicle:	\$16
Average Cost Per Crossing:	\$326
Variable Cost Per Crossing:	\$107
Sailings on Time:	95.5%
Change in Ridership FY08-09 to FY15-16:	+32.7%

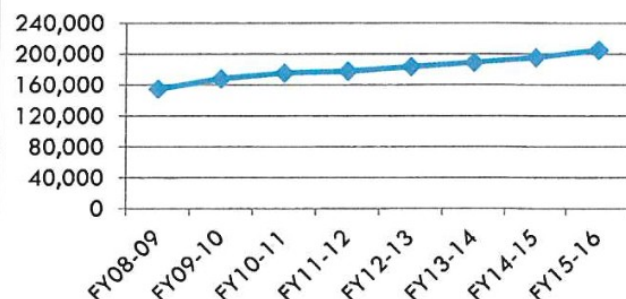
FY15-16 Monthly Costs Per Vehicle



FY15-16 Monthly Capacity Utilization



Yearly Vehicle Ridership

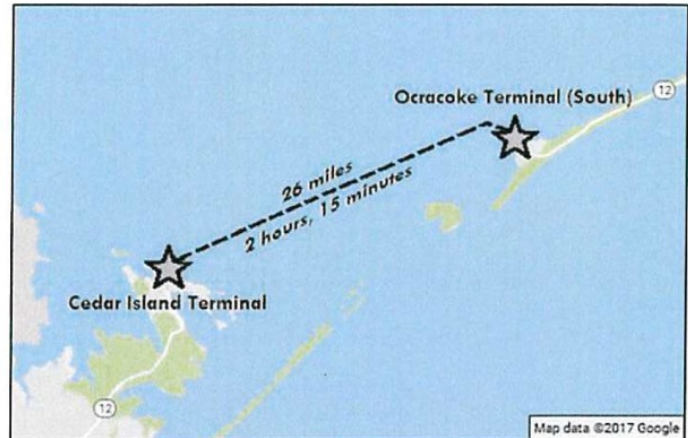


Notes: Operating costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Operating costs include labor (terminal and vessel), fuel, maintenance (terminal, vessel, and docks), and dredging costs. Costs related to system executive management and system-wide administrative activities were not included. Variable costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Variable costs include fuel and vessel maintenance costs.

Cedar Island - Ocracoke

Route Information FY15-16:

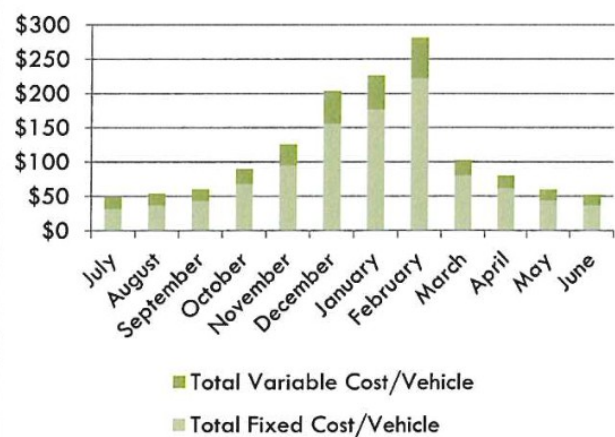
Counties:	Carteret, Hyde
Primarily Serves:	Ocracoke residents, tourists
Route Distance:	26 miles
Sailing Time:	2 hours, 15 minutes
Passenger Vehicle Fare:	\$15 - \$45
Daily Crossings:	6 - 10



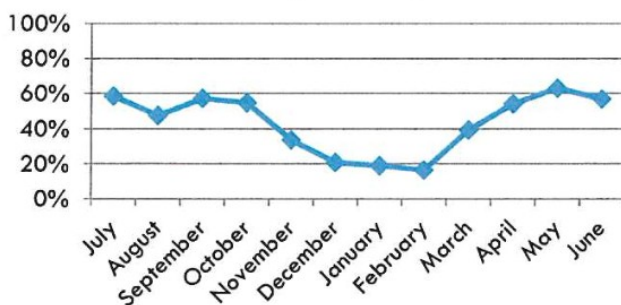
Route Performance FY15-16:

Vehicles Transported:	47,336
Percent Out of State Vehicles:	58.4%
Operating Costs:	\$3,797,950
Variable Costs:	\$1,011,051
Average Cost Per Vehicle:	\$80
Average Cost Per Crossing:	\$1,505
Variable Cost Per Crossing:	\$401
Sailings on Time:	95.2%
Change in Ridership FY08-09 to FY15-16:	-29.9%

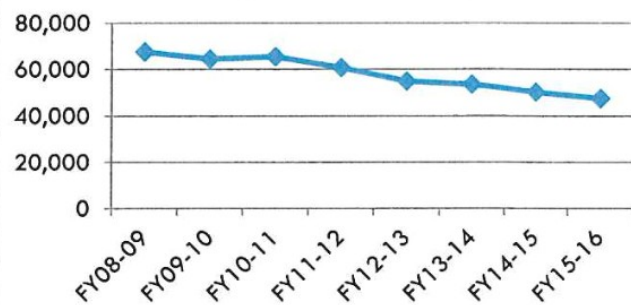
FY15-16 Monthly Costs Per Vehicle



FY15-16 Monthly Capacity Utilization



Yearly Vehicle Ridership



Notes: Operating costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Operating costs include labor (terminal and vessel), fuel, maintenance (terminal, vessel, and docks), and dredging costs. Costs related to system executive management and system-wide administrative activities were not included. Variable costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Variable costs include fuel and vessel maintenance costs.

Swan Quarter - Ocracoke

Route Information FY15-16:

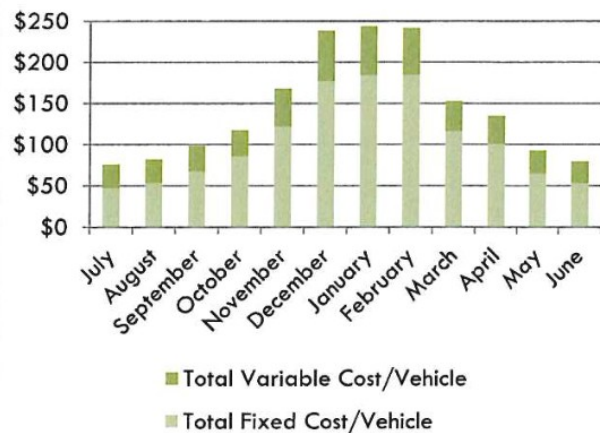
County:	Hyde
Primarily Serves:	Ocracoke residents, tourists
Route Distance:	30 miles
Sailing Time:	2 hours, 40 minutes
Passenger Vehicle Fare:	\$15 - \$45
Daily Crossings:	6 - 8



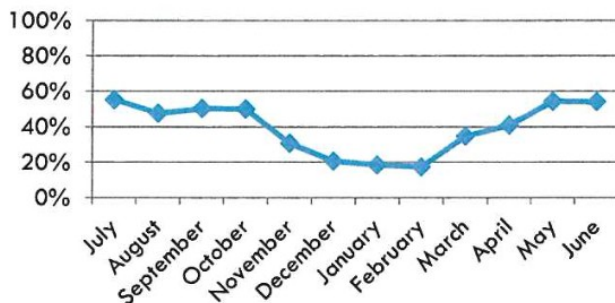
Route Performance FY15-16:

Vehicles Transported:	33,405
Percent Out of State Vehicles:	57.4%
Operating Costs:	\$3,923,919
Variable Costs:	\$1,147,959
Average Cost Per Vehicle:	\$117
Average Cost Per Crossing:	\$1,623
Variable Cost Per Crossing:	\$475
Sailings on Time:	94.9%
Change in Ridership FY08-09 to FY15-16:	+32.5%

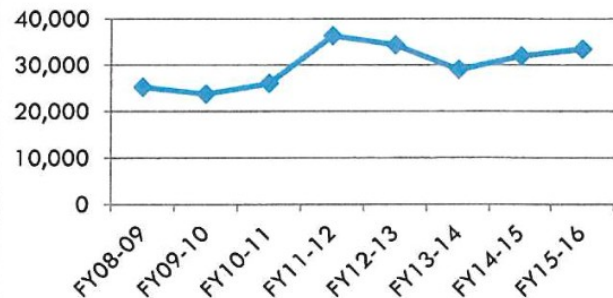
FY15-16 Monthly Costs Per Vehicle



FY15-16 Monthly Capacity Utilization



Yearly Vehicle Ridership



Notes: Operating costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Operating costs include labor (terminal and vessel), fuel, maintenance (terminal, vessel, and docks), and dredging costs. Costs related to system executive management and system-wide administrative activities were not included. Variable costs were calculated by the Program Evaluation Division based on information provided by the Ferry Division. Variable costs include fuel and vessel maintenance costs.

Appendix B: Publicly-Owned Ferry Systems in North America

Ferry System	Area Served	Governance Model	Operating Expenses (FY 2013)	Farebox Recovery Ratio (FY 2013)	Annual Vehicles (FY 2013)	Annual Passengers (FY 2013)	Number of Annual Crossings (FY 2013)
Ferry Division	Eastern North Carolina	Government Line Agency	\$37,104,016	6%	834,625	1,923,100	64,644
Steamship Authority	Martha's Vineyard and Nantucket	Public Authority	\$85,964,000	93%	614,434	2,846,691	22,050
British Columbia Ferries	British Columbia Coast	Public Corporation	\$538,198,669	83%	7,748,743	19,919,098	183,800
Washington State Ferries	Washington and Vancouver Island	Government Line Agency	\$227,349,000	70%	10,045,000	22,395,000	158,858
Cape May-Lewes	New Jersey and Delaware	Public Authority	\$22,358,231	58%	256,971	742,938	4,650
Golden Gate Ferries	San Francisco Bay	Transportation District	\$27,461,000	55%	N/A (Passenger-only)	2,324,874	17,249
Alaska Marine Highway	Alaska, British Columbia, and Washington	Government Line Agency	\$172,527,000	25%	108,797	313,311	3,682
Staten Island Ferries	New York City	Government Line Agency	\$115,126,620	N/A (Toll free)	N/A (Passenger only)	21,399,000	35,979

Notes: FY 2013 denotes the period from July 1, 2012 through June 30, 2013 except for the Steamship Authority and Cape May-Lewes ferry systems, for which it denotes the period from January 1, 2013 through December 31, 2013, and the British Columbia ferry system, for which it denotes the period from April 1, 2012 through March 31, 2013. As reported in the referenced study, operating expenses do not include capital expenditures nor depreciation and amortization.

Source: Program Evaluation Division based on A 2015 Comparison of Operational Performance: Washington State Ferries to Ferry Operators Worldwide (March 2015) and a review of applicable ferry system websites.

Appendix C: Governance Structure Alternatives

Governance Structure	Description	Strengths	Weaknesses
Government Line Agency	A Government Line Agency is a separate division within a state agency that receives state funding. The ferry system owns and operates vessels and terminals as part of a mandate to provide basic transportation infrastructure. State funding may be supplemented by fares or other revenue sources.	<ul style="list-style-type: none"> • Responsive to public through election of the Governor as the chief executive • Legislation and processes already in place • Facilitates coordination and planning across other transportation modes • Offers access to low cost of capital and direct federal grants for capital projects 	<ul style="list-style-type: none"> • Subject to senior management turnover due to gubernatorial elections • Requires ferries to compete internally for budget before even going to the legislature • Lacks incentives for improvements in efficiency
Public/Private Corporation	A public-private corporation is a private company, operating vessels that are either owned or leased by the operator, that works with public agencies to develop routes and their associated terminals. The company pays for use of the public facilities and is free to establish schedules, rates, and business practices to create financial return within any associated regulatory constraints.	<ul style="list-style-type: none"> • Government ownership of assets provides access to federal funds and lower borrowing costs • Government can exercise powers of eminent domain to develop new terminals and connecting roads • Private operator would have financial incentives to grow non-fare revenue and improve system efficiencies • Public sector has a major role in service planning 	<ul style="list-style-type: none"> • Objectives of the public entity (providing transportation to support residents and the economy) are not necessarily aligned with the objectives of the private entity (to make a profit for its shareholders) • Potential difficulty in attracting qualified private firms if financial incentives are weak • Private operator may not be as responsive to the needs of the communities or may shift resources to routes that are more profitable
Public Authority	A public authority is an independent government entity is created to focus on a specific set of objectives. There is enabling legislation that defines the scope and powers of the authority. The management of the authority is overseen by a governing board.	<ul style="list-style-type: none"> • Provides management stability. • Responsible for achievement of the specified goals and objectives of established service area • Strong checks and balances to ensure specific area goals and objectives effectively contribute to the State's goals 	<ul style="list-style-type: none"> • May not be able to react quickly to events or changes that affect its mission or funding source • Governing board may not reflect some key constituencies • Multiple authorities with overlapping service areas may result in conflicting goals and objectives
Public Corporation	A public corporation is a corporation that provides transportation services with some level of revenue support from the regional government. The corporation is governed as a commercial entity with a board of directors but has its shares held on behalf of the public.	<ul style="list-style-type: none"> • Insulates management from political considerations • As a corporation owned by the State, it would be exempt from federal and state income taxes • Finances are transparent and subject to periodic approvals by public shareholders 	<ul style="list-style-type: none"> • Key stakeholders such as residents or employees may feel marginalized • Transportation costs and their impact on local economies may not be integrated into a larger economic or transportation strategy • Requires predictable on-going financial support from government to provide basic transportation to isolated communities

Governance Structure	Description	Strengths	Governance Structure
Private Corporation	A private corporation is a private company that owns all assets and is free to establish business practices that create financial return within regulatory constraints. It operates with no assistance from state, city, or federal government, nor does it receive funds from those entities.	<ul style="list-style-type: none"> • Requires limited support from government • Offers more nimble operation due to minimal labor constraints • Possesses ability to change service delivery without extensive public input or legislative oversight 	<ul style="list-style-type: none"> • Would cause some communities to lose service unless there was a government guarantee • Eliminates access to federal funds or state bonds for capital projects resulting in a higher cost of capital • Ability to recapitalize fleet is questionable without some certainty in revenue stream for debt repayment
Transportation District	A transportation district is a public entity operating multiple modes of transportation for the economic benefit of a defined geographical area. Ferry operations are typically one portion of the larger transportation entity and may be subsidized by other modes or by taxation within the geographical area.	<ul style="list-style-type: none"> • Allows transportation coordination across regional boundaries such as cities, counties, and unincorporated areas • Depending upon the size of the region served, can manage more extensive and expensive projects such as building a light rail network that integrates with existing services 	<ul style="list-style-type: none"> • Creates competition against other regions for funding from state and federal sources • Size of organizations may result in slow response to changing conditions

Source: Program Evaluation Division based on a review of literature on transportation governance.



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

ROY COOPER
GOVERNOR

JAMES H. TROGDON, III
SECRETARY

October 2, 2017

Mr. John W. Turcotte, Director
Program Evaluation Division
300 North Salisbury Street, Suite 100
Raleigh, NC 27603-5925

Dear Mr. Turcotte:

Thank you for the opportunity to review and respond to the Program Evaluation Division's (PED) report entitled "Reducing Off-Season Crossings, Adjusting Fares, and Using Partnerships Can Improve Ferry Division Efficiency." Please accept this letter as the Department of Transportation's formal response.

NCDOT appreciates the hard work by PED staff that has gone into this report. We recognize the significant time PED staff spent researching our Ferry Division, including visiting the system, assets and people. We view this report as an opportunity to improve our services while implementing further efficiencies.

The summary and the recommendations sections both mentioned potential cost savings as a result of reductions in service during periods of low use. The Ferry Division continuously evaluates the crossing schedules to ensure that the ferry services cost-effectively meet the needs of both area residents and tourists. Ferry Division management constantly performs analysis of ridership data, seasonality and trends to modify the schedules while carefully balancing the level of service that is expected by both area residents and tourists, as well as the need to ensure licensed personnel obtain adequate hours "at sea" to fulfil their licensure requirements as per Coast Guard regulations.

The report also mentions utilizing partnerships with other governmental entities and the private sector to better leverage resources and effectiveness. NCDOT appreciates the acknowledgement in the report of our current partnerships with local government entities on projects such as the passenger ferry. The Ferry Division, along with NCDOT as a whole, is committed to improving and increasing our partnerships with other government entities and the private sector.

Mailing Address:
NC DEPARTMENT OF TRANSPORTATION
FACILITIES MANAGEMENT UNIT
1525 MAIL SERVICE CENTER
RALEIGH, NC 27699-1525

Telephone: (919) 707-4540
Fax: (919) 715-0399
Customer Service: 1-877-368-4968

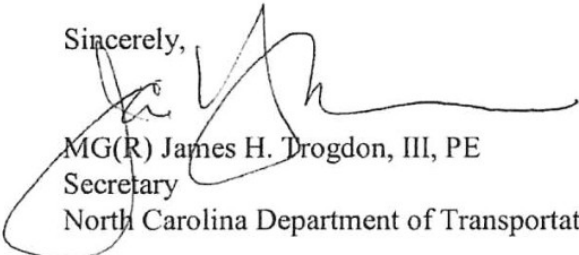
Website: www.ncdot.gov

Location:
1 SOUTH WILMINGTON STREET
RALEIGH, NC 27601

The development of a long-range plan was also mentioned in the summary and the recommendations sections. NCDOT recognizes the importance of long-range planning, especially in regards to specialty niches such as the Ferry Division. As mentioned in this report, NCDOT already has several plans and studies that are pertinent to the Ferry Division, but none specifically on long-term planning. This is an item that the Department would certainly like to discuss with leadership in the General Assembly and work toward a plan that involves all parties.

In conclusion, NCDOT and the Ferry Division appreciate the time and effort that went into this report. Once again thank you for the opportunity to respond to the report and its recommendations.

Sincerely,



MG(R) James H. Drogdon, III, PE
Secretary
North Carolina Department of Transportation

Cc:

Ocracokeobserver.com

THE COMMUNITY NEWSPAPER OF OCRACOKE ISLAND, N.C.

MONDAY, JANUARY 29TH, 2018



THE COMMUNITY NEWSPAPER OF OCRACOKE, NORTH CAROLINA, SINCE 1999

Ferry study eyes raising fares, cutting runs

ON JANUARY 24, 2018 • ([LEAVE A COMMENT](#))

To catch up on Ocracoke news, click [here](https://ocracokeobserver.com/) (https://ocracokeobserver.com/)

REPRINTED COURTESY OF [COASTAL REVIEW ONLINE](#)

01/23/2018

by Kirk Ross (<https://www.coastalreview.org/author/kirkross/>)



(<https://i0.wp.com/www.coastalreview.org/wp-content/uploads/2018/01/Croatoan-Ferry.png?ssl=1>)

The state ferry Croatoan. Photo: Program Evaluation Division

RALEIGH – A study directed by the legislature's **Program Evaluation Division** (<https://www.ncleg.net/PED/Reports/2017/Ferry.html>) and released Monday says the North Carolina Department of Transportation's Ferry Division could save \$1.5 million by reducing off-season crossings and raise \$1.7 million though fare hikes without harming year-round residents and businesses.



(<https://i2.wp.com/www.coastalreview.org/wp-content/uploads/2018/01/Seven-Ferry-Crossings.png?ssl=1>)

The Ferry Division operates seven routes with 61,662 crossings yearly. Map: Program Evaluation Division

The 45-page report, commissioned last year, recommends that the DOT evaluate crossing schedules for each route and draft a new long-range plan that could revamp route pricing methods.

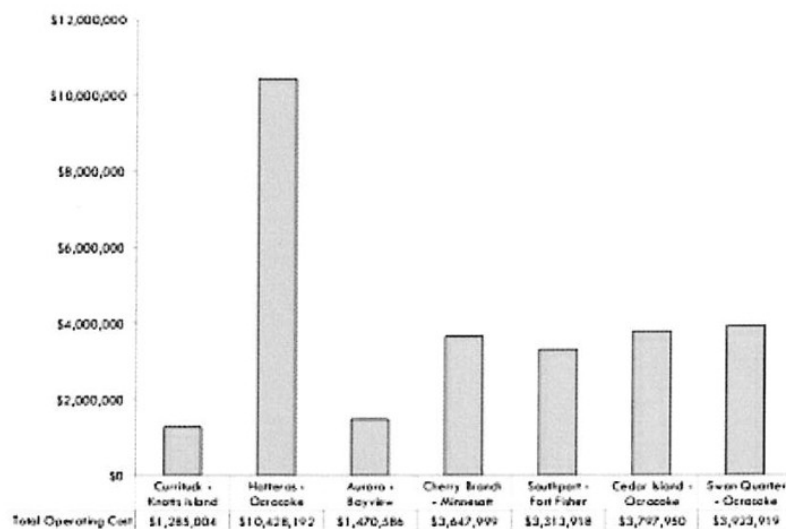
The study and its findings were under review Monday by the North Carolina General Assembly's Joint Legislative Program Evaluation Oversight Committee, a House and Senate group that studies the efficiency and cost-effectiveness of state agencies and programs.

The committee is expected to consider legislation for this year's regular session that would mandate at least some of the recommendations in the report, including a long-range study of the Ferry Division's costs and structure and its integration with the DOT's overall strategy on the coast.

At Monday's meeting Rep. Craig Horn, R-Union, who chairs the evaluation committee, acknowledged that many of the proposals it will dig into will be highly controversial.

Horn said he expects the committee to begin reviewing draft legislation next month. This year's regular session is scheduled to open in early May.

Chuck Hefren, a principal program evaluator with the Program Evaluation Division, said there are likely to be considerable savings, but for now there is not enough information to fully gauge the effect of fare hikes and reductions in crossings.



(<https://il.wp.com/www.coastalreview.org/wp-content/uploads/2018/01/Ferry-operating-costs.png?ssl=1>)

Operating costs for the Hatteras-Ocracoke route were more than twice that of any other route in fiscal 2015–16. Source: Program Evaluation Division

The report does break down potential savings that could come from reductions in crossings during the off season for routes tied to tourism as well as revenue from potential fare increases.

The bulk of the estimated \$1.5 million in savings, \$953,419, would come from dropping 12 daily crossings for the Hatteras-Ocracoke route, the service's highest-cost route. Other reductions in service to Ocracoke would include eliminating two daily crossings each from Swan Quarter and Cedar Island.

Other routes would also be targeted. The largest number of daily crossings eliminated would be 18 of the 54 crossings for the Cherry Branch-Minnesott route. Fort Fisher to Southport service would be reduced by nine crossings.

The report also considers the fiscal repercussions of major fare increases, including a \$15 per trip increase for Ocracoke's Cedar Island and Swan Quarter runs and a \$5 increase for Fort Fisher-Southport service.

In 2015-16 the system took in \$2,331,611 from commuter passes and the three tolled routes, an amount that covered 6 percent of its overall cost, by far the lowest rate among public-operated ferry systems in the U.S. that charge fares.

Route	Number of Months With Low Average Utilization Rate (45% Or Less)	Number of Scheduled Daily Crossings (FY 2015–16)	Example Reduction in Daily Crossings – Low Utilization Months Only	Total Estimated Annual Savings
Currituck - Knotts Island	12	10-12	4	\$ 44,617
Hatteras - Ocracoke	6	36	12	953,419
Aurora - Bayview	0	14	0	0
Cherry Branch - Minnesott	9	54	18	182,508
Southport - Fort Fisher	3	28	9	91,314
Cedar Island - Ocracoke	5	6	2	123,863
Swan Quarter - Ocracoke	6	6	2	167,078
Total Savings (All Routes)				\$1,518,799

(<https://i2.wp.com/www.coastalreview.org/wp-content/uploads/2018/01/ferry-savings.png?ssl=1>)

The Ferry Division could realize more than \$1.5 million in annual cost savings by reducing the number of crossings during periods of lower use, according to the study. Source: Program Evaluation Division

The report notes historic opposition to raising fares but says the increasing use of annual passes lessens the impact for residents and local businesses. It estimates that the system could raise revenues from tolls from \$2.3 million annually to \$4 million without adversely affecting both local users and tourism.

The report also suggests a review of the cost and use of the system's dredges and the potential for more partnerships with local government and the private sector for maintaining channels, such as the one for the proposed Hatteras-Ocracoke passenger-only ferry.

Learn More

- [Final Report](#)
- [Executive Summary](#)
- [Recommendations](#)

Kirk Ross

Kirk Ross is a longtime North Carolina journalist in Chapel Hill. In addition to *Coastal Review Online*, he covers the legislature and state government for *Carolina Public Press*. He can be reached at kmr@rossalmanac.com

**Hyde County Board of Commissioners
AGENDA ITEM SUMMARY SHEET**

Meeting Date: February 5, 2018
Presenter: Commissioner Tom Pahl
Attachment: Yes

ITEM TITLE: LETTER OF SUPPORT FOR DOT SURVEY OF HATTERAS INLET

SUMMARY: Commissioner Pahl will present a letter written to NCDOT Ferry Division Director Harold Thomas for Board approval and Chairman Pugh's signature.

The purpose of this letter is to urge the Ferry Division with the expertise and financial backing of the NCDOT to take whatever steps may be required to conduct a full survey of Hatteras Inlet.

RECOMMEND: Approve.

Motion Made By: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

Motion Seconded By: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

Vote: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

COUNTY OF HYDE

Board of Commissioners

Earl Pugh, Jr., Chairman
Barry Swindell, Vice-chair
Benjamin Simmons, III
Dick Tunnell
Thomas Pahl

30 Oyster Creek Road
P.O. Box 188
Swan Quarter, NC 27885



Bill Rich, County Manager

Fred Holscher, Attorney

Lois Stotesberry, CMC, NCCCC
Clerk to the Board

January 31, 2018

NCDOT Ferry Division
Harold Thomas, Director
113 Arendell St., Rm. 120
Morehead City, NC 28557

Dear Mr. Thomas,

As you know, the recently formed the Ocracoke Waterways Commission is charged with the task of pro-actively addressing issues that affect the navigable waterways in and around Ocracoke Island. Chief among the several topics the Commission is addressing is exploring ways to shorten what is commonly referred to as "the long route," that is, the horseshoe route that is now used by the Ferry Division to transit between Hatteras and Ocracoke. That same route is also used by Hatteras' fishing fleet and recreational boaters as a channel through Hatteras Inlet to offshore waters. As the Ferry Division is painfully aware, since the long route was adopted in 2014, it has had significant negative impact on every entity that depends on access between the islands and through the Inlet.

Our understanding is the added annual cost of the long route vs. the previous "direct route" to the Ferry Division alone is in the millions of dollars. In addition, because of the added transit time, the number of ferry runs during the high tourist season is reduced by almost a third. The impact of that reduction has significantly harmed Ocracoke's business income and tax receipts. There is a mirror affect on the economy of the Hatteras fishing and charter fleets, in that their transit time through the Inlet has likewise increased, resulting in shorter days offshore and increased fuel costs. There has also been a negative impact on public safety, as the response time of the Coast Guard is significantly lengthened when they are required to leave the sound via the long route. All of this adds up to the need for a serious exploration of options that may exist to shorten this important passageway.

Any effort to do that will first require a significant investment in surveying and mapping much of the area within the horseshoe and the Inlet. With that data, further discussions can be based in good knowledge of such things as water depth, currents, underwater vegetation and soil types as those factors might relate to potential channels, dredging, spoils sites, etc. We understand that the cost of such a survey is not insignificant, but the cost of doing nothing is demonstrably greater over the long run.

NCDOT Ferry Division
Director Harold Thomas
January 31, 2018
Page 2

The purpose of this letter is to urge the Ferry Division, with the expertise and financial backing of the NCDOT to take whatever steps may be required to conduct a full survey of Hatteras Inlet. That survey would support a study of options to shorten the existing long route and ultimately, the establishment of a shorter channel that is sustainable in the long run, and that provides safe passage between Hatteras and Ocracoke and provides safe transit through Hatteras Inlet.

We are aware that the project suggested by this request would ultimately involve multiple Federal, State and Local agencies and individuals and that it may literally take an act of Congress. We are also aware that it could take years to reach fruition, but for all of those reasons, we respectfully suggest the time to begin is now.

The signatures below attest that, in addition to the Ocracoke Waterways Commission, the purpose of this letter is endorsed by the Hyde County Board of Commissioners, the Dare County Board of Commissioners and by the Dare County Waterways Commission. Please feel free to call on any and all of us to assist you going forward.

Sincerely,

David Hilton, Chairman
Ocracoke Waterways Commission

Earl Pugh, Jr., Chairman
Hyde County Board of Commissioners

Robert Woodard, Chairman
Dare County Board of Commissioners

Dave May, Chairman
Dare County Waterways Commission

Hyde County Board of Commissioners
AGENDA ITEM SUMMARY SHEET

Meeting Date: February 5, 2018
Presenter: Corrinne Gibbs, Finance Director
Attachment: Yes

ITEM TITLE: F/Y 2017-2018 Budget Calendar

SUMMARY: Please see attached proposed Budget Calendar

RECOMMEND: APPROVE CALENDAR AS PRESENTED.

Motion Made By: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

Motion Seconded By: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

Vote: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

Office, County Finance
Corrinne Gibbs
Finance Officer
Mimi VanNortwick
Assistant Finance Officer

COUNTY OF HYDE

SWAN QUARTER, NORTH CAROLINA 27885



FY 2017-18 **Budget Calendar**

Date	Activity	Participants
February 5, 2018	Calendar adopted	Board of Commissioners
February 12, 2018	Preliminary Department Assessment <ul style="list-style-type: none"> • Contracts • Equipment purchases/leases • Needs Assessments • Continuing Obligations • Optional Services/Programs 	Department Heads
February 21, 2018	Dept. Assessment Due Budget Worksheets Distributed	Department Heads
February 21, 2016	External Agency Letters Mailed	Finance Officer
March 12, 2018	Completed worksheets returned Preliminary revenue estimates presented to Budget Officer	Department Heads Finance Officer
March 19-23, 2018	Budget Officer meets with each D.H. to review requested budget	Budget Officer Department Heads
April 2, 2018	Joint meeting to review Board of Education priorities	Board of Commissioners Board of Education
April 23, 2018	External agency budget requests due	Finance Officer
May 7, 2018	Board of Education submits budget request	Board of Education
May 7, 2018	Proposed budget distributed to BOC	Budget Officer
May 7, 2019	Proposed Budget presented to the Board of Commissioners Public Hearing date set	Budget Officer Board of Commissioners
May 14-18, 2018	Budget work sessions as needed	Board of Commissioners
June 4, 2018	Public Hearing	Board of Commissioners
June 4, 2018	Board of Commissioners adopts FY 2018-19 budget and sets tax rate	Board of Commissioners

**Hyde County Board of Commissioners
AGENDA ITEM SUMMARY SHEET**

Meeting Date: February 5, 2018
Presenter: Assistant County Manager Kris Noble
Attachment: Yes

ITEM TITLE: PROJECT BUDGET ORDINANCE COMMUNITY DEVELOPMENT
BLOCK GRANT (CDBG) DISASTER RECOVERY PROGRAM (DR)
GRANT CDBG-DR 17-R-3014

SUMMARY: Attached is the project budget ordinance and grant agreement contract for a \$500,000 CDBG grant awarded to Hyde County on November 20, 2017, to be effective February 1, 2018 and expiring February 1, 2021. The grant award will be used to fund repairs to the Davis Center roof.

RECOMMEND: DISCUSS & APPROVE

Motion Made By: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

Motion Seconded By: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

Vote: ☐ Earl Pugh, Jr.
☐ Barry Swindell
☐ Dick Tunnell
☐ Ben Simmons
☐ Tom Pahl

**Hyde County – Community Block Grant Disaster Recovery Program
Project Budget Ordinance
February 5, 2018**

Be it ordained by the Hyde County Board of Commissioners, that pursuant to Section 143B-472.127 and .128 of the General Statutes of North Carolina, the following grant program ordinance is hereby adopted:

Section 1: The program authorized is the Community Block Grant Disaster Recovery Program administered by the North Carolina Department of Public Safety/Division of Emergency Management described in the contract between Hyde County and the North Carolina Department of Public Safety/Division of Emergency Management.

Section 2: Hyde County staff is hereby directed to proceed with the grant program within the terms of the grant document(s), the rules and regulations of the North Carolina Rural Economic Infrastructure Authority and the North Carolina Department of Commerce, and the budget contained herein.

Section 3: The following revenues and resources are anticipated to be available to complete the program activities:

<u>Community Block Grant Disaster Recovery Program</u>	<u>\$500,000.00</u>
---	----------------------------

Total:	<u>\$500,000.00</u>
---------------	----------------------------

Section 4: The following amounts are appropriated for the program activities:

Repairs to Davis Center Roof

Program Budget	<u>\$500,000.00</u>
-----------------------	----------------------------

Section 5: The Grant Finance Officer is hereby directed to maintain within the Grant Program Fund sufficient specific detailed accounting records to provide the accounting to the North Carolina Division of Coastal Management required by the grant agreement(s) and federal and state regulations.

Section 6: Funds may be advanced from the General Funds for the purpose of making payments as due. Reimbursement requests should be made to the North Carolina Division of Coastal Management in an orderly and timely manner.

Section 7: Copies of this grant program ordinance shall be made available to the Grant Finance Officer for direction in carrying out this program.

Adopted this 5th day of February, 2018.

Earl Pugh, Jr., Chairman
Hyde County Board of Commissioners

ATTEST:

Lois Stotesberry, Clerk to the Board
Hyde County Board of Commissioners

Funding Approval Community Development Block Grant- DR

1. Name and Address of Recipient

Earl Pugh, Jr
Board Chair
County of Hyde
PO Box 188
Swan Quarter, NC 27885

2. Grant Number and Funding Approval Date

Grant Number: 17-R-3014
Date of Original Funding Approval: November 20, 2017
Date of Amended Funding Approval:

3. Approved Projects

Project Number and Name: Community Development Block Grant DR

Total Grant Award: \$500,000.00

4. Funding Approval Conditions

The following conditions must be removed in writing by NCEM in order for all funds to be released.

A. Environmental Condition: No funds may be obligated or expended in any activity except for the payment of reasonable costs related to the planning, administration, engineering, design and environmental assessments for the approved project until the recipient has complied with the Environmental Review Procedures for the NC CDBG-DR Program and the CDBG regulations contained in 4 NCAC 19L.1004.

B. Floodplain Condition: No funds may be obligated or expended in any project activity except for the administration activity until the recipient provides NCEM with a certification that the project is not in a floodplain; or with certification that the recipient participates in the flood


insurance program, all properties assisted in the project will be covered for flood insurance prior to beginning construction on the property, and all public facilities will be constructed to comply with the applicable floodplain regulations.

C. Administration Contracts/Inter-local Agreements Condition: No funds may be obligated or expended in any project activity except for the administration activity until the recipient has submitted either a copy of the contract awarded for administration of this grant or a statement signed by the CEO stating that the contract will be administered internally.

D. Performance Based Contract Condition: No funds may be obligated or expended in any project activity except for the administration activity until the recipient has returned to NCEM one copy of the properly completed Performance Based Contract.

E. Revised Budget Condition: If the project budget changes, no funds may be obligated or expended, except for the administration activity until the recipient submits a revised budget and receives approval.

5. Signature of Authorized Official


Name Michael A. Sprayberry
Title: Director
Division of Emergency Management

Date 1/16/18

6. Signature of Authorized Grantee Official

✓
Name _____

Title

Date _____



North Carolina Department of Public Safety

Emergency Management

Roy Cooper, Governor
Erik A. Hooks, Secretary

Michael A. Sprayberry, Director

STATE OF NORTH CAROLINA COMMUNITY DEVELOPMENT BLOCK GRANT - DISASTER RECOVERY

GRANT AGREEMENT

CBDG-DR PROJECT NUMBER: Hyde County 17-R-3014

GRANTOR: NC DEPARTMENT OF COMMERCE ("Commerce" or "DOC"), an agency of the State of North Carolina ("State") AND NORTH CAROLINA DEPARTMENT OF PUBLIC SAFETY/DIVISION OF EMERGENCY MANAGEMENT ("NCEM" or "Subrecipient")

CONTRACT ADMINISTRATOR: North Carolina Department of Public Safety/NC Division of Emergency Management, Mike Sprayberry, Director NC Division of Emergency Management.

GRANT SUBRECIPIENT: HYDE COUNTY, NORTH CAROLINA ("Sub-subrecipient")

Duns Number: 037153376

Federal Id Number: 56-6000308

CONTRACT EFFECTIVE DATE: February 1, 2018

CONTRACT EXPIRATION DATE: February 1, 2021

FINAL REIMBURSEMENT DATE: February 1, 2021

GRANT AMOUNT: \$500,000.00

AWARD DATE: NOVEMBER 20, 2017

MAILING ADDRESS:
4236 Mail Service Center
Raleigh NC 27699-4236

OFFICE
1636 Gold Star
Raleigh, NC 27607-



LOCATION:
Drive
3371

Telephone: (919) 825-2500
www.readync.org

www.ncdps.gov

Fax: (919) 825-2685

An Equal Opportunity Employer

THIS AGREEMENT (the "Agreement"), is made and entered into as of the Effective Date by and between Commerce and NCEM and Hyde County, (collectively the "Parties").

WITNESSETH:

WHEREAS, on October 8-9, 2016, Hurricane Matthew hit central and eastern North Carolina including Hyde County with record breaking rainfall that created 1,000 year flood events that devastated the people, infrastructure, businesses, and schools of entire communities; and

WHEREAS, certain buildings, facilities, personal items and equipment owned or rented by residents in the county were damaged by floodwaters associated with the severe weather associated with Hurricane Matthew (hereinafter collectively referred to as the "storm survivors"); and

WHEREAS, on October 9, 2016, an expedited major disaster declaration from the President of the United States, was granted on October 10, 2016 as FEMA-4285-DR-NC, allowing North Carolina to receive federal aid in the form of individual and public assistance for citizens and local governments; and

WHEREAS, the U.S. Department of Housing and Urban Development ("HUD") has allocated Community Development Block Grant -- Disaster Recovery funds ("CDBG-DR") to the Department of Commerce under the Continuing Appropriations Act of 2017 (Public Law 114-254) for the purpose of assisting recovery in the most impacted and distressed areas declared a major disaster due to Hurricane Matthew;

WHEREAS, pursuant to the CDBG-DR Grant Program Federal Register Notice (82 Fed. Reg. 5591), published January 18, 2017, entitled *Allocations, Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees*, the State has received an allocation of CDBG-DR funds from HUD in the amount of \$198,553,000;

WHEREAS, HUD requires that the State spend \$158.8 million of all CDBG-DR funds so allocated within the counties of Cumberland, Edgecombe, Robeson and Wayne Counties;

WHEREAS, HUD has unique statutory authority to delegate its environmental compliance responsibilities promulgated under 24 CFR 58 to the State, local, and tribal governments including obligations under Section 106 of the National Historic Preservation Act of 1966 (16 USC § 470 *et seq.*, the "Act") and its implementing regulations 36 CFR 800;

WHEREAS, the North Carolina Department of Commerce has assumed the role of Responsible Entity for the State of North Carolina (the "State") and makes assistance, including CDBG-DR, available to communities, its citizens, federally recognized tribes and other entities;

WHEREAS, North Carolina General Assembly passed the Disaster Recovery Act of 2016 (S.L. 2016-124) requiring the NC Department of Commerce to transfer to the North Carolina Division of Emergency of Management all CDBG-DR program funds;

WHEREAS, the North Carolina Department of Commerce and the North Carolina Division of Emergency Management executed a sub recipient agreement on June 30, 2017 to carry out the requirements of S.L. 2016-124;

WHEREAS, the North Carolina Division of Emergency Management as the contract administrator is executing this grant agreement with the county of Hyde to implement the approved CDBG-DR, Action Plan that was approved on August 7, 2017;

WHEREAS, the Parties desire to enter into this Agreement and intend to be bound by its terms.

NOW, THEREFORE, for and in consideration of the Grant, the mutual promises each to the other made, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties mutually agree as follows:

Article I. GENERAL TERMS AND CONDITIONS OF AGREEMENT

Section 1.01 Grant Documents. The documents described below are hereinafter collectively referred to as the "Grant Documents." In the case of conflict between any of these documents, each shall have priority over all others in the order listed below. Upon execution and delivery of this Agreement, it and the other Grant Documents and items required hereunder will constitute a valid and binding agreement between the Parties, enforceable in accordance with the terms thereof. The Agreement constitutes the entire agreement between the Parties, superseding all prior oral and written statements or agreements.

The Grant Documents consist of:

- a. This Agreement
- b. Exhibit A – Award Letter and Revised Term Sheet
- c. Exhibit B – Program Guidelines
- d. Exhibit C – Project Application
- e. Exhibit D – Project Schedule
- f. Exhibit E – Project Budget

Upon execution and delivery of the Agreement, and once Commerce and NCEM has encumbered the grant, and the Sub-subrecipient has received its counterpart original of the Agreement, fully executed and with all dates inserted where indicated on the cover sheet of the Agreement, then the Agreement will constitute a valid and binding agreement between the Parties, enforceable with the terms thereof.

Section 1.02 Parties For purposes of this grant agreement where the County "Sub-subrecipient" is required to submit documentation to Commerce and NCEM within this grant agreement, the sub-Subrecipient shall provide any documentation first to NCEM as contract administrator and the Subrecipient of the CDBG-DR funds from the NC Department of Commerce per the terms of the

agreement between the two agencies dated June 30, 2017 and NCEM will then provide the documentation to Commerce as the Responsible party to HUD.

Section 1.03 Purpose As required under 2 CFR 200 Subpart D § 331, the CDBG-DR grant will provide assistance that aids in the funding of disaster relief, long-term recovery, restoration of infrastructure, and housing and economic revitalization that is needed as a result of Hurricane Matthew, particularly for LMI residents. These services will help North Carolina's impacted towns, cities, and counties recover from this Presidentially-declared disaster and, as a result, will increase the functional status of these communities, allowing for greater financial and personal stability of individuals impacted by this disaster as described in Exhibit C.

B. National Objectives

All activities funded with CDBG-DR funds must meet one of the CDBG-DR program's national objectives: benefit low-and-moderate-income persons; aid in the prevention or elimination of slum or blight; or meet community development needs having a particular urgency, as defined in 24 CFR 570.208 and 4 NCAC 19L .1004.

Section 1.04 Contract and Reimbursement Period. The term for this grant agreement is three (3) years. The Sub-subrecipient shall commit one hundred percent (100%) of non-administrative Grant funds and provide documentation to NCEM of the commitments. All requests for reimbursement of funds for project activities other than continuing administrative costs must be made by the Payment Date. Commerce and NCEM's commitment to disburse Grant funds under this Agreement for non-administrative costs shall cease to disburse grant funds for remaining administrative costs shall cease on the Final Reimbursement Date.

It is the responsibility of the Sub-subrecipient to ensure that the Project is completed by the Expiration Date and that all reimbursements to be drawn down have been submitted to Commerce and NCEM by the Final Reimbursement Date. After the Expiration Date, any Grant monies remaining under this Agreement will no longer be available to the Sub-subrecipient except to pay proper drawdowns for funds committed by the Expiration Date. After the Payment Date, any Grant monies other than a pro rata portion of administrative funds will no longer be available to the Sub-subrecipient. **The burden is on the Sub-subrecipient to request any extensions under the Agreement if the Sub-subrecipient anticipates that the Project funds will not be committed by the Expiration Date or Commitment Dates as applicable.** Any requests for extensions must be made in a writing addressed to Commerce and NCEM, explaining why an extension is needed and proposing the requested new date. Commerce and NCEM must receive this request at least 60 days before the affected date. Commerce and NCEM, within its sole discretion, may or may not approve the extension, based on Project performance and other contributing factors. **Commerce and NCEM is not responsible for notifying the Sub-subrecipient of any approaching deadlines.**

No funds may be obligated or expended in any project activity except the administration activity until the Sub-subrecipient provides Commerce and NCEM with documentation of registration in the Central Contractor Registration (CCR) system. The CCR system may be accessed online at www.sam.gov.

Section 1.05 Notice; Contract Administrators. All notices, requests or other communications permitted or required to be made by the Subrecipient under this Agreement or the other Grant Documents shall be given to the respective Contract Administrator or their designee.

The Contract Administrator is:

Mike Sprayberry, Director NC Emergency Management
1636 Gold Star Drive
Durham, NC 27607

Notice shall be in writing, signed by the party giving such notice. Notice shall be deemed given three (3) business days following the date when deposited in the mail, postage prepaid, registered or certified mail, return receipt requested.

Article II. COVENANTS AND DUTIES

Section 2.01 Commerce and NCEM's Duties. Subject to the appropriation, allocation, and availability to Commerce and NCEM of funds for the Project, Commerce and NCEM hereby agrees to pay the Grant funds to the Sub-subrecipient in accordance with the payment procedures set forth herein. The obligations of Commerce and NCEM to pay any amounts under this Agreement are contingent upon the availability and continuation of funds for such purpose. If funds for the Grant become unavailable, the Sub-subrecipient agrees that Commerce and NCEM has the right to terminate this Agreement by giving 60 (sixty) days written notice specifying the Termination Date of the Agreement, which Commerce and NCEM shall determine in its sole discretion. Upon such termination, the State shall have no responsibility to make additional Grant payments. Further, upon such termination, the Sub-subrecipient shall not expend any Grant funds without Commerce and NCEM's express written authorization and shall return all unspent Grant funds to Commerce and NCEM upon demand.

Section 2.01(a) Commerce and NCEM Assumption of Program Delivery. NCEM reserves the right to expedite and synchronize program delivery by assuming primary responsibility for steps in the CDBG-DR process including, but not limited to, eligibility and duplication of benefits as well as other activities.

Section 2.02 Sub-subrecipient's Duties. The Sub-subrecipient shall carry out the Project pursuant to the terms of this Contract and all applicable federal and State laws, executive orders, rules, notices, policies and regulations. Financial offerings funded under this Agreement shall be made consistent with the provisions of this Agreement. Commerce and NCEM may, in its sole discretion, amend the conditions placed on the financial offerings that may be funded under this agreement. Any such change must be in writing. In addition to the requirements outlined in Exhibit A and Exhibit B, the Sub-subrecipient shall ensure all contracts and subcontracts contain appropriate provisions to also meet applicable CDBG program requirements, including, but not limited to, the following:

- (a) Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et seq).
- (b) The CDBG program requirements, laws, rules, regulations and requirements, as may be amended, including those set forth in 24 C.F.R., Part 570 and 04 NCAC 19L.
- (c) Environmental Review Procedures for the CDBG Program and the CDBG regulations contained in 24 CFR Part 58 and as further outlined in Exhibit B.
- (d) Conflict of Interest provisions, including but not limited to those found at N.C. Gen. Stat. § 14-234, 04 NCAC 19L.0914, 2 CFR 200.112, and 24 C.F.R. § 570.611. Certain limited exceptions to the conflict of interest rules listed in 24 C.F.R. § 570.489 may be granted in writing by Department of Housing and Urban Development ("HUD") and/or Commerce and NCEM upon written request and the provision of information specified in 24 C.F.R. § 570.489(h)(ii)(4).

Section 2.03 Labor Standards. In addition to the requirements outlined in Exhibit B, Sub-recipient shall follow all applicable laws, rules and regulations concerning the payment of wages, contract work hours, safety, health standards, and equal opportunity for CDBG-DR programs, including but not limited to the rules set forth in 04 NCAC 19L.1006, 24 C.F.R. § 570.603 and the following (as may be applicable to CDBG-DR projects):

- (a) **Davis-Bacon Act** (40 U.S.C.A. 276a). Among other provisions, this act requires that prevailing local wage levels be paid to laborers and mechanics employed on certain construction work assisted with CDBG-DR funds.
- (b) **Contract Work Hours and Safety Standards Act** (40 U.S.C.A. 327 through 333). Under this act, among other provisions, laborers and mechanics employed by contractors and subcontractors on construction work assisted with CDBG-DR funds must receive overtime compensation at a rate not less than one and one-half the basic rate of pay for all hours worked in excess of forty hours in any workweek. Violators shall be liable for the unpaid wages and in addition for liquidated damages computed in respect to each laborer or mechanic employed in violation of the act.
- (c) **Fair Labor Standards Act** (29 U.S.C. 201 et seq.), requiring among other things that covered employees be paid at least the minimum prescribed wage, and also that they be paid one and one-half times their basic wage rate for all hours worked in excess of the prescribed work-week.
- (d) **Federal anti-kickback laws** (18 U.S.C. 874 and 40 U.S.C. 276), which, among other things, outlaws and prescribes criminal penalties for "kickbacks" of wages in federally financed or assisted construction activities. Weekly statements of compliance and weekly payrolls must be provided by all contractors and subcontractors.

Section 2.04 Architectural Barriers. Per 04 NCAC 19L.1007, 24 C.F.R. §§ 570.487 and 570.614 and other applicable law, all applicable buildings or facilities designed, constructed or altered with CDBG-DR Grant funds shall be made accessible and useable to the physically handicapped as may be required by applicable laws, rules, regulations or requirements. Additionally, Recipient must comply with the following (as may be applicable to CDBG projects):

- (a) **Architectural Barriers Act of 1968** (P .L. 90-480). This act requires Recipient to ensure that certain buildings constructed or altered with CDBG-DR funds are readily accessible to the physically handicapped.
- (b) **Minimum Guidelines and Requirements for Accessible Design** 36 C.F.R. Part 1190.
- (c) **Americans with Disabilities Act** ["ADA"] and the ADA Accessibility Guidelines for Buildings and Facilities or the Uniform Federal Accessibility Standards.
- (d) **North Carolina Building Code, Volume I, Chapter II-X**. These provisions describe minimum standards Recipient must meet in constructing or altering building and facilities, to make them accessible to and useable by the physically handicapped.

Section 2.05 Environmental Review. Recipients of CDBG-DR funds are required to comply with the requirements of the National Environmental Policy Act of 1969 (NEPA) found at 24 CFR Part 58 and complete an Environmental Review Record (ERR). Commerce and NCEM may also require additional environmental reviews for project that receive these funds.

Section 2.06 Floodplain. The projects shall following flood coverage requirements 24 CFR 570.202(b)(7)(iii), 24 CFR 570.509(c)(4)(iv), 24 CFR 570.605 and 42 U.S.C 4106, Section 202. In addition to the requirements outlined in Exhibit B, if the project occurs in the following floodplain zones:

- (a) **If the project occurs in a Coastal High Hazard Area (V Zone) or a floodway**, federal assistance may not be used at this location if the project is a critical action pursuant to 24 CFR 55.1(c) and 55 Subpart B except as provided therein. For projects allowed under 24 CFR 55.1(c) and 55 Subpart B, the eight-step process shall be followed pursuant to 24 CFR 55.20.
- (b) **If the project occurs in a 100-year floodplain (A Zone)**, the 8-Step Process is required as provided for in 40 CFR 55.20 or as reduced to the **5-Step Process** pursuant to 40 CFR 55.12(a), unless an exception is applicable pursuant to 40 CFR 55.12(b).
- (c) **If the project occurs in a 500-year floodplain (B Zone or shaded X Zone)**, the 8-Step Process is required for critical actions as provided for in 40 CFR 55.20 or as reduced to the **5-Step Process** pursuant to 40 CFR 55.12(a), unless an exception is applicable pursuant to 40 CFR 55.12(b).

Section 2.07 Sub-Subrecipient Agreements. Sub-subrecipient shall cause all of the provisions of this Agreement in its entirety to be included in and made a part of any contract made to effectuate this Agreement, including contracts. Sub-subrecipient shall ensure compliance with all applicable laws, rules, regulations and requirements for all expenditures of Grant funds, including (without limitation) and Grant funds sub-granted by the Sub-subrecipient.

Section 2.08 Supplemental Conditions. Sub-subrecipient shall include any Supplemental Conditions in any contract entered into under this Agreement.

Section 2.09 Contract and Subcontract Provisions. Sub-subrecipient will include the provisions of Exhibit B, from this Agreement in every subsequent agreement, contract, subcontract, or purchase order, specifically or by reference, so that such provisions will be binding upon each of its own Recipients, contractors, or subcontractors.

Section 2.10 "Section 3" Provisions. The Sub-subrecipient will take appropriate action pursuant to the subsequent agreement upon finding that any Recipient, contractor or subcontractor is in violation of regulations issued by the grantor agency. The Sub-subrecipient will not contract with any entity where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR 135 and will not let any agreement be awarded unless the entity has first provided it with a preliminary statement of ability to comply with the requirements of these regulations. The Sub-subrecipient further agrees to comply with these "Section 3" requirements and to include the following language in all agreements executed under this Agreement:

"The work to be performed under this Agreement is a project assisted under a program providing direct Federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701). Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low- and very low-income residents of the project area, and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low- and very low-income persons residing in the metropolitan area in which the project is located."

Section 2.11 Lobbying Provisions. The Sub-subrecipient hereby certifies the following and that it will require that the following language shall be included in the agreements for all subawards at all tiers (including contracts, subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all agreement parties shall certify and disclose accordingly:

"This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S.C. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure."

Section 2.12 Reporting Requirements. The Sub-subrecipient shall submit progress reports monthly in the format prescribed by Commerce and NCEM and shall continue to make such reports until all closeout requirements under this Agreement are met. Report forms shall be provided by Commerce and NCEM, subject to any future modifications as necessary to meet programmatic requirements, in the sole discretion of Commerce and NCEM.

Section 2.13 Site Access. The Sub-subrecipient and any Recipient shall permit representatives of Commerce and NCEM to visit any premises of the Sub-subrecipient to examine Project activities of the Sub-subrecipient or any Recipient pursuant to the Grant, including but not limited to Project funded property improvements, fixtures, equipment and materials, loan documents, books and

records in any way related to the Grant or the Project. The Sub-subrecipient shall secure this right to Commerce and NCEM in any agreement entered into pursuant to the Project.

Section 2.14 Recordkeeping Requirements. Sub-subrecipient will maintain any and all records and comply with all responsibilities as required under CDBG-DR recordkeeping, but not limited to the specifications of (1) 2 CFR 200.333- 200.337; (2) 24 CFR 570.506; (3) the applicable HUD Notices that are pertinent to the activities to be funded under this Agreement; (4) all State Public Records laws, (5) 19 NCAC 19L.0911 (“Recordkeeping”), as well as any additional records required by Grantee. Such records shall include but not be limited to:

- a. Records providing full description of each activity undertaken;
- b. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG-DR program, as modified by the HUD Notices;
- c. Records required to determine the eligibility of activities;
- d. Records required to document the acquisition, improvement, use, or disposition of real property acquired or improved with CDBG-DR funds;
- e. Records documenting compliance with the fair housing and equal opportunity components of the CDBG-DR program;
- f. Financial records as required by 24 CFR 570.502, and 2 CFR 200; and
- g. Other records necessary to document compliance with Subpart K of 24 CFR 570.

Section 2.15 Project Audits. In addition to the provisions of Exhibit B Sub-subrecipient agrees that the State, HUD, and the Comptroller General of the United States or any of their authorized representatives have the right to audit the books and records of the Sub-subrecipient pertaining to this Agreement both during performance and for five (5) years after the completion or termination of this Agreement and all contracts or until all audit exceptions, if any, have been resolved, whichever is longer. The Sub-subrecipient shall retain complete accounting records, including original invoices, payrolls, contracts, or other documents clearly showing the nature of all costs incurred under this Agreement, for that same period of time. The Sub-subrecipient agrees to make available at all reasonable times to the auditing agency all underwriting documents, and accurate books and records of all expenditures for costs applicable to this Agreement, which will facilitate the audit of the Sub-subrecipient's records.

The Sub-subrecipient hereby agrees to have an annual agency audit conducted in accordance with current policy concerning Sub-subrecipient audits and 2 CFR 200 Subpart F.

Section 2.16 Access to Records. The Sub-subrecipient shall provide any duly authorized representative of Commerce and NCEM, the State of North Carolina, The North Carolina State Auditor, the North Carolina Office of State Budget and Management, HUD, and the Comptroller

General, the Inspector General and other authorized parties at all reasonable times access to and the right to inspect, copy, monitor, and examine all of the books, papers, records, and other documents relating to the grant for a period of five years following the completion of all closeout procedures. All original files shall be maintained at the Sub-subrecipient's offices for access purposes.

Section 2.17 Release of Personal Financial and Identifying Information. To ensure and document compliance with CDBG-DR income requirements as well as other matters, Sub-subrecipient shall obtain and retain personal, income-related, financial, tax and/or related information from companies, individuals and families that are benefitting from Grant or Program funds. Additionally, Sub-subrecipient is obligated to provide access to any and all information relating to the Program to Commerce and NCEM, HUD or other appropriate federal or state monitoring entity, upon Commerce and NCEM's request. This obligation includes, but is not limited to, the personal, financial and identifying information of individuals assisted by the Program. As such, Sub-subrecipient shall obtain any releases or waivers from all individuals or entities necessary to ensure that this information can be properly and legally provided to appropriate federal and state entities, including Commerce and NCEM and HUD, without issue or objection by the individual or entity.

Section 2.17 Procurement.

(a.) Compliance (OMB Standards)

The Sub-subrecipient shall comply with current policy concerning the purchase of equipment, materials, property, or services in accordance with the requirements of 2 CFR 200, and all State procurement standards, as applicable, including the need to properly assess lease versus purchase alternatives. Sub-subrecipient shall also maintain inventory records of all non-expendable personal property as defined by such policy as may be procured with funds provided herein.

(b.) Supplemental Conditions

Sub-subrecipient shall include Commerce and NCEM Supplemental Conditions in any contract entered into under this Agreement. Sub-subrecipient shall also require all contractors to flowdown Supplemental Conditions to all subcontractors as well as the requirement to flowdown to all lower-tiered subcontractors. These Supplemental Conditions include required terms for project contracts, HUD General Provisions, Participation by Minority Group Members and Women Requirements, standard clauses for contracts with Grantee and required diversity forms.

(c.) Records

Sub-subrecipient shall maintain all records required by the Federal regulations specified in (1) 2 CFR 200.33, (2) 24 CFR 570.506; (3) the applicable HUD Notices, and (4) N.C. Gen. Stat. Chapter § 132.

(d.) Travel

Travel costs, including travel for training purposes, are not allowed unless pre-authorized by the Commerce and NCEM. In the event that Commerce and NCEM authorizes travel, Sub-subrecipient shall comply with HUD's Travel Regulations. Sub-subrecipient shall

obtain prior written approval from Commerce and NCEM for any travel to out-of-service area assignments.

Article III. REPRESENTATIONS AND WARRANTIES

Section 3.01 Sub-subrecipient's Representations and Warranties. In order to induce Commerce and NCEM to enter into this Agreement and to make the Grant as herein provided, the Sub-subrecipient after reasonable inquiry makes the following representations, warranties and covenants, which shall remain in effect after the execution and delivery of this Agreement and any other documents required hereunder, any inspection or examinations at any time made by or on behalf of Commerce and NCEM, and the completion of the Project by the Sub-subrecipient:

- (a) **No Actions.** There are no actions, suits, or proceedings pending, or to the knowledge of the Sub-subrecipient, threatened, against or affecting the Sub-subrecipient before any court, arbitrator, or governmental or administrative body or agency which might affect the Sub-subrecipient's ability to observe and perform its obligations under this Agreement.
- (b) **Validity of Grant Documents.** Upon execution and delivery of items required hereunder, this Agreement and the other grant documents and items required hereunder will be valid and binding agreements, enforceable in accordance with the terms thereof. If, at any time the Sub-subrecipient becomes aware of any facts, information, statements, occurrences or events that render any of the representations or warranties contained herein materially untrue, misleading or incomplete, the Company shall immediately notify Commerce and NCEM in writing of such facts, information, statements, occurrences or events.
- (c) **False or Misleading Information.** Recipient is advised that providing false, fictitious or misleading information with respect to CDBG-DR funds may result in criminal, civil, or administrative prosecution under 18 U.S.C. § 1001, 18 U.S.C. § 1343, 31 U.S.C. § 3729, 31 U.S.C. § 3801, or another applicable statute. Recipient shall promptly refer to Commerce and NCEM and HUD's Office of the Inspector General any credible evidence that a principal, employee, agent, contractor, sub-grantee, subcontractor, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving CDBG-DR funds.
- (d) **Compliance with Laws.** Sub-subrecipient shall comply with all federal, state and local laws and regulations that are applicable to performance of the Project. The Sub-subrecipient agrees to ensure Project participants, including but not limited to Recipients, shall comply in the same manner.

Section 3.02 Compliance by Others. The Sub-subrecipient shall be responsible for compliance with the terms of this Agreement, and shall require and be responsible for the same compliance of its Sub-Subrecipients, including but not limited to its Recipients, to which funds or obligations are

transferred, delegated or assigned pursuant to this Agreement. Delegation by the Sub-subrecipient of any duty or obligation hereunder does not relieve the Sub-subrecipient of any duty or obligation created hereunder. Failure by such Sub-Subrecipient to comply with the terms of this Agreement shall be deemed failure by the Sub-subrecipient to comply with the terms of this Agreement.

Section 3.03 Signature Warranty. Each individual signing below warrants that he or she is duly authorized to sign this Contract for the respective party, and to bind said party to the terms and conditions of this Agreement.

Article IV. REIMBURSEMENT, TERMINATION AND DEFAULT

Section 4.01 Reimbursement in the Discretion of Commerce and NCEM. In the event that the Sub-subrecipient, or any other recipient of funds under this Agreement fails to meet any of the requirements outlined in this Agreement, including, but not limited to failure to meet the Objectives as outlined in Exhibits A and B, Commerce and NCEM may, in its sole discretion, require repayment from the Subrecipient of up to the full amount of the Grant.

Section 4.02 Termination by Mutual Consent. The Parties may terminate this Contract by mutual written consent with 60 days prior written notice to the Parties, or as otherwise provided by law.

Section 4.03 Events of Default. The happening of any of the following, after the expiration of any applicable cure period without the cure thereof, shall constitute an event of default ("Event(s) of Default") by the Sub-subrecipient of its obligations to Commerce and NCEM, and shall entitle Commerce and NCEM to exercise all rights and remedies under this Agreement and as otherwise available at law or equity:

- (a) **Default in Performance.** The default by the Sub-subrecipient or a subsequent Recipient in the observance or performance of any of the terms, conditions or covenants of this Agreement.
- (b) **Misrepresentation.** If any representation or warranty made by the Subrecipient in connection with the Grant or any information, certificate, statement or report heretofore or hereafter made shall be untrue or misleading in any material respect at the time made.
- (c) **Abandonment of the Project.** If Sub-subrecipient abandons or otherwise ceases to continue to make reasonable progress towards completion of the Project.

Section 4.04 Commerce and NCEM's Additional Rights and Remedies. In addition to the other remedies set forth in this Agreement, if an Event of Default shall occur, Commerce and NCEM shall have the following rights and remedies, all of which are exercisable at Commerce and NCEM's sole discretion, and are cumulative, concurrent and independent rights:

- (a) **Project Termination.** If an Event of Default occurs, Commerce and NCEM may, at its discretion suspend, reduce and/or terminate all obligations of Commerce and NCEM hereunder.
- (b) **Additional Remedies.** If an Event of Default occurs, Commerce and NCEM shall have the power and authority, consistent with its statutory authority: (a) to prevent any impairment of the Project by any acts which may be unlawful or in violation of this Agreement or any other item or document required hereunder; (b) to compel specific performance of any of Subrecipient's obligations under this Agreement; (c) to obtain return of all Grant Funds, including equipment if applicable; and (d) to seek damages from any appropriate person or entity. Commerce and NCEM shall be under no obligation to complete the Project.

Section 4.05 Nonwaiver. No delay, forbearance, waiver, or omission of Commerce and NCEM to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to waive any such Event of Default or to constitute acquiescence therein. Every right, power and remedy given to Commerce and NCEM may be exercised from time to time and as often as may be deemed expedient by Commerce and NCEM.

Article V. MISCELLANEOUS TERMS AND CONDITIONS

Section 5.01 Deobligation of Unused Funds. When project costs are less than the grant award amount, excess award funds shall be deobligated back to Commerce and NCEM. Administration funds shall be deobligated in proportion to the amount of program funds being deobligated to Commerce and NCEM.

Section 5.02 Complaints and Grievance procedures for Compliance Plans. Subrecipient must address complaints to the North Carolina Department of Commerce and NCEM.

Section 5.03 Modification. This Agreement may be rescinded, modified or amended only by written agreement executed by all parties hereto.

Section 5.04 Benefit. This Agreement is made and entered into for the sole protection and benefit of Commerce and NCEM, the State and the Sub-subrecipient, and their respective successors and assigns, subject always to the provisions of the Agreement. Except as herein specifically provided otherwise, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. It is expressly understood and agreed that the enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to the Commerce and NCEM, the State and the Sub-subrecipient and their respective successors and assigns. Nothing contained in this Agreement shall give or allow any claim or right of action whatsoever by any other third person, other than as expressly provided in this Agreement. It is the express intention the Parties and their respective successors and assigns that any such person or entity, other than the State, Commerce and NCEM, and the Sub-subrecipient, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary only.

Section 5.05 Further Assurance. In connection with and after the disbursement of Grant funds under this Agreement, upon the reasonable request of Commerce and NCEM, the Subrecipient shall execute, acknowledge and deliver or cause to be delivered all such further documents and assurances, and comply with any other requests as may be reasonably required by Commerce and NCEM or otherwise appropriate to carry out and effectuate the Grant as contemplated by this Agreement.

Section 5.06 Independent Status of the Parties. The Parties are independent entities and neither this Agreement nor any provision of it or any of the Grant Documents shall be deemed to create a partnership or joint venture between the Parties. Further, neither the Agreement nor any of the Grant Documents shall in any way be interpreted or construed as making the Subrecipient, its agents or employees, agents or representatives of Commerce and NCEM. The Subrecipient is and shall be an independent contractor in the performance of this Agreement and as such shall be wholly responsible for the work to be performed and for the supervision of its employees. In no event shall Commerce and NCEM be liable for debts or claims accruing or arising against the Subrecipient. The Subrecipient represents that it has, or shall secure at its own expense, all personnel required in the performance of this Contract. Such employees shall not be employees of, nor have any individual contractual relationship with, Commerce and NCEM.

Section 5.07 Indemnity. The Subrecipient agrees, to the fullest extent permitted by law, to release, defend, protect, indemnify and hold harmless the State, Commerce and NCEM, its employees and agents against claims, losses, liabilities, damages, and costs, including reasonable attorney fees, which result from or arise out of: (a) damages or injuries to persons or property caused by the negligent acts or omissions of Subrecipient, its employees, or agents in use or management of the Project or Property; (b) use or presence of any hazardous substance, waste or other regulated material in, under or on the Property; and (c) for any claims, whether brought in contract, tort, or otherwise, arising out of this Agreement. The obligations under this paragraph are independent of all other rights or obligations set forth herein. This indemnity shall survive the disbursement of the Grant funds, as well as any termination of this Agreement.

Section 5.08 Close-outs. The Subrecipient's obligation to the Grantee shall not end until all close-out requirements are completed. Close-out activities and requirements are subject to (1) 04

NCAC 19L.0913, (2) 2 CFR 200.343 and 2 CFR 200.344, as applicable; (3) 24 CFR 570.502 and 570.509, as applicable, 24 CFR Part 570 except where waivers and alternative requirements were granted to grantees in Notices published in the *Federal Register*, and (4) relevant State and HUD Notices. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the Grantee), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the Subrecipient has control over CDBG funds, including Program Income.

Section 5.09 Binding Effect, Contract Not Assignable. The terms hereof shall be binding upon and inure to the benefit of the successors, assigns, and personal representatives of the parties hereto; provided, however, that the Subrecipient may not assign this Agreement or any of its rights, interests, duties or obligations hereunder or any Grant proceeds or other moneys to be advanced hereunder in whole or in part unless expressly allowed under this Agreement, without the prior written consent of Commerce and NCEM, which may be withheld for any reason and that any such assignment (whether voluntary or by operation of law) without said consent shall be void.

Section 5.10 Savings Clause. Invalidity of any one or more of the provisions of this Agreement, or portion thereof, shall in no way affect any of the other provisions hereof and portions thereof which shall remain in full force and effect.

Section 5.11 Additional Remedies. Except as otherwise specifically set forth herein, the rights and remedies provided hereunder shall be in addition to, and not in lieu of, all other rights and remedies available in connection with this Agreement.

Section 5.12 Survival. Where any representations, warranties, covenants, indemnities or other provisions contained in this Agreement by its context or otherwise, evidences the intent of the parties that such provisions should survive the termination of this Agreement or any Closing, the provisions shall survive any termination or Closing.

Section 5.13 Incorporation of Exhibits. All exhibits attached to this Contract are fully incorporated as if set forth herein.

Section 5.14 Entire Contract. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. All recitals, exhibits, schedules and other attachments hereto are incorporated herein by reference.

Section 5.15 Headings. The headings of the various sections of this Agreement have been inserted for convenience only and shall not modify, define, limit or expand the express provisions of this Agreement.

EXHIBIT A

Award Letter and Term Sheet

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EXHIBIT B

PROGRAM GUIDELINES

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EXHIBIT C

PROJECT APPLICATION

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EXHIBIT D

PROJECT SCHEDULE:

Project Description:

Conditions: The following schedule must be followed, or funds will be forfeited. Times indicated for each activity are considered to be maximum times allowable.

Milestone	Date
<u>Compliance Plans</u>	
Adopted Equal Opportunity and Procurement Plan	4/1/2018
Adopted Section 3 Plan (Local Economic Benefit for Low and Very Low-Income Persons)	4/1/2018
Adopted Language Access Plan	4/1/2018
Section 504 Self-Evaluation and Adopted Grievance Procedure.	4/1/2018
Adopted Residential Anti-Displacement and Relocation Assistance Plan	4/1/2018
Adopted Citizen Participation plan	4/1/2018
Excessive Force Provision	4/1/2018
Adopted Fair Housing Plan	4/1/2018
Floodplain Certification	4/1/2018

Schedule: [from Notice of Intent to Fund]

1. **Commitment Date: January 1, 2020.** Commit in writing and submit to Commerce and NCEM certification by this date planned use of funding in Exhibit A minus any Administrative costs. Failure to commit funds by this date will result in withdrawal of any remaining grant funds, unless Commerce and NCEM in its sole discretion has found the Sub-subrecipient had good cause for such failure and Commerce and NCEM has set a date by which the Sub-subrecipient must take action. Any funds not obligated by the Commitment Date will be deobligated and no longer available to the Sub-subrecipient.
2. **Payment Date: February 1, 2021.** The Sub-subrecipient must have entered into Contracts for obligated funds by this date and Commerce and NCEM must receive the all payment requests for funds by this date. Commerce and NCEM will not accept or process for payment any request for payment received after this date, other than ongoing Administrative costs. Commerce and NCEM may in it's sole discretion extend this date upon written request of the Sub-subrecipient. Commerce and NCEM will not reimburse the Sub-subrecipient for applications received after the Commitment Date.
3. **Contract Expiration Date: February 1, 2021.** Complete the Project Scope of Work and submit final reports as required under this Agreement and any additional reports as required by Commerce and NCEM by this date. Commerce and NCEM will not reimburse the Subrecipient for Project funds dispersed after this date.
4. **Final Reimbursement Date: August 1, 2021.** Commerce and NCEM must receive the Final Request for Payment for the Project by this date. Commerce and NCEM will not accept or process for payment any request for payment received after this date. Commerce and NCEM will not reimburse the Sub-subrecipient for costs incurred after the Contract Expiration Date.

EXHIBIT E

PROJECT BUDGET, DISTRIBUTION OF FUNDS, AND REFUNDS

CDBG-DR Project No. 17-R-3014

1. Project Budget

- a. To obtain payment, the Subrecipient must submit itemized documentation substantiating direct costs incurred in the implementing the project.

i) Funder	Type of funding & Status of Funding	Matching Funds (Where applicable)	Percent
CDBG-DR	Grant		
Local – specify	Bonds, reserves, in-kind etc.		
Other public funding source(s) – specify	SRF , state grants, Golden Leaf, ARC, etc.		
ii) Total			

2. Disbursement of Grant Funds.

- a. No funds may be obligated or expended in any project activity except for the administration activity in the project until the recipient has complied with the Environmental Review Procedures for the CDBG Program and the CDBG environmental regulations contained in 24 CFR Part 58.
- b. No funds may be obligated or expended in any project activity except the administration activity until the recipient has submitted either a copy of the contract awarded for administration of this grant or a statement signed by the authorized representative stating that the contract will be administered internally.
- c. Request for Release of Funds.
- i. Any release of funds request, other than administrative costs, must be accompanied by a request and any supporting materials as requested by Commerce and NCEM. Commerce and NCEM may, in its sole discretion, request additional documentation before approving any release of funds. Commerce and NCEM will approve each request individually and the Subrecipient must receive the written approval of Commerce and NCEM before entering into any Contract.

- d. Requests for Reimbursement. Disbursement of Grant funds for the Project shall be made by no less than monthly reimbursement of Subrecipient's expenditures on the Project as set forth in Exhibits C and D. To obtain reimbursement, the Subrecipient shall submit to Commerce and NCEM the following documentation:
 - i. A completed and signed Payment Request form, accompanied by appropriate itemized documentation supporting all expenses claimed and that clearly identifies each expenditure of grant funds for which reimbursement is claimed along with verification of matching Subrecipient funds as necessary. The supporting documentation must be organized in a manner that clearly relates the expenses shown in the supporting documentation to the line items shown in the Payment Request.
 - ii. Any request for reimbursement that does not clearly identify each expenditure and relate each expenditure to the line items shown on the request will not be processed, and will be returned to the Subrecipient for correction and re-submittal. **The Subrecipient shall identify any sales tax for which reimbursement has been or will be obtained from the State Department of Revenue, and such monies shall not be reimbursed.**
 - e. Reimbursement Based on Progress. The Subrecipient agrees to proceed with diligence to accomplish the Project according to the schedule set out in the Agreement and shall show appropriate progress prior to each reimbursement. Reimbursement may be withheld or delayed if Subrecipient fails to make progress on the Project satisfactory to Commerce and NCEM. Amounts withheld shall be reimbursed with subsequent reimbursements in the event that Subrecipient is able to demonstrate an ability to resume satisfactory progress toward completion of the Project.
 - f. No Excess Costs. The Commerce and NCEM agrees to pay or reimburse the Subrecipient only for costs actually incurred by the Subrecipient that do not exceed the funds budgeted for the Project shown on Exhibits A and E.
3. Costs of Project Administration. The Sub-subrecipient's requests for such reimbursement shall be made under the Project Administration line item of the reimbursement form and shall conform with the following:
- a. Costs allowable under the Project Administration line item shall be only costs of labor needed to comply with the general conditions of the Agreement (e.g., progress reports, the environmental review, compliance activities, payment requests, preparing the project final report, revisions to the Agreement). Allowable Project Administration labor costs may include any of the following: (a) pay to the Subrecipient's payroll employees, plus the Subrecipient's cost of paying benefits on such pay (usually employees' pay times an audited or auditable benefits multiplier); (b) pay to contract employees of the Subrecipient (e.g., temporary office support), payable at the Subrecipient's actual cost, without application of a benefits multiplier; and/or (c) cost of professional services labor

contracted by the Subrecipient (e.g., engineering firm or consultant), payable at the Subrecipient's actual cost for that labor.

- b. Costs of any other work described in the Project Scope of Work in Exhibit E are not allowable under the Project Administration line item.
4. Period for Incurring Reimbursable Expenditures. The Commerce and NCEM will reimburse the Subrecipient only for allowable Project expenditures that are incurred by the Subrecipient or the Subrecipient's consultants, contractors, or vendors during the period between the Award Date and the Expiration Date of the Agreement. The Commerce and NCEM will not reimburse the Subrecipient for Project expenditures that are not incurred during this period.
5. Program Income, Refunds, Reversion of Unexpended Funds, and Reduction of the Grant based on Qualified Made less than Budgeted Cost.
- a. Program Income. Sub-subrecipients shall be allowed to use Program Income on eligible projects, subject to approval from Commerce and NCEM. Program income is generally defined as gross income received by the Sub-subrecipient directly generated from CDBG-DR funds, though a more specific definition can be found at 24 C.F.R. § 570.500.
 - b. Refunds. The Sub-subrecipient shall repay to Commerce and NCEM any compensation it has received that exceeds the payment to which it is entitled herein, including any interest earned on funds reimbursed pursuant to the Agreement. The Sub-subrecipient shall repay to Commerce and NCEM administration funds in proportion to the program funds being repaid.
 - c. Reversion of Unexpended Funds. Any unexpended Grant monies shall revert to the CDBG-DR upon termination of the Agreement. The Sub-subrecipient shall repay to Commerce and NCEM administration funds in proportion to the program funds being repaid.
 - d. Reduction of the Grant made less than projected amounts. Commerce and NCEM may reduce the Grant amount if the Sub-subrecipient expects actual expenses are less than budgeted.
 - e. Reimbursement to Commerce and NCEM for Improper Expenditures. In the sole discretion of Commerce and NCEM, Sub-subrecipient will reimburse Commerce and NCEM for any amount of Grant assistance improperly expended, either deliberately or non-deliberately, by any person or entity. Additionally, a contract for administrative services should include a clause holding the administrator organization responsible for reimbursement to the Recipient for any improperly expended grant funds that had to be returned to Commerce and NCEM.

IN WITNESS WHEREOF, the Sub-subrecipient and Commerce and NCEM have executed this Agreement in two originals as of the Effective Date. One original shall be retained by each Party. If there is any controversy among the documents, the document on file in Commerce and NCEM's office shall control.

Michael A. Sprayberry, Director
North Carolina Emergency Management

Title: _____

Hyde County, North Carolina

Erik A. Hooks
Secretary
North Carolina Department of Public Safety

George Sherrill, Chief of Staff
North Carolina Department of Commerce

APPROVED AS TO PROCEDURES

William Polk, Assistant General Counsel
Reviewed for the Department Of Public Safety, by William Polk, DPS Assistant General Counsel

James J. Cherokee, Controller
North Carolina Department of Public Safety

Natalie Wayne
County Extension Director

Lee Brimmage
4-H Extension Agent

Andrea Gibbs
Agriculture Extension Agent

Renee Harvey
Family Consumer Sciences Extension
Agent

Gene Fox
Horticulture Extension Agent

Catie Jo Black
JCPC Coordinator

Connie Burleson
Administrative Assistant

Hyde County COOPERATIVE EXTENSION

[January 2018]

Each day, North Carolina Cooperative Extension helps to strengthen our North Carolina families and communities. Our mission and our work are dedicated to improving the quality of people's lives. We rely on research-based information to develop educational programs based on the issues and the needs of our communities and citizens. North Carolina Cooperative Extension is focusing its efforts on nine major goals implemented by the county field faculty and supported by university-based specialists.

NC COOPERATIVE
EXTENSION



85

adults increasing their fruit
& vegetable consumption



477

Number of youth (students)
increasing knowledge in STEM
(Science, Technology, Engineering,
Math)



80

Crop producers increasing/improving knowledge,
attitudes and skills: Best Management Practices,
Pest/Insect Disease/Weed and Financial/Farm
Management Tools and Practices



602

Number of youth
(students) gaining career/
employability.



8,960

Face-to-Face
contacts in
2017!

Important....Please take time to fill out this survey!



**COUNTY
COMMISSIONER
SURVEY**

NC Cooperative Extension would appreciate your assistance in identifying important issues and opportunities within our local community. Information provided in this survey will be used to help guide and shape the research and educational activities of Extension over the next five years.

<http://go.ncsu.edu/amplifysurvey>

DESIGNATED GRANTS RECEIVED BY EXTENSION



2017 CONTACTS MADE BY EXTENSION



Face-to-Face
8,960



Non face-to-face
95,706

In 2017, the Hyde County Cooperative Extension Service Staff focused on the following objectives;

Community Development
Healthy Eating, Physical Activity and Chronic Disease Risk
Profitability and Sustainable Agriculture Systems
Safety & Security of our Food and Farm Systems
School to Career
Urban and Consumer Agriculture

The Hyde County Cooperative Extension Team works together to make sure our programs meet the goals within these objectives. This year we have connected with new agencies and organizations to help build stronger partnerships and positive impacts within in our county.



Volunteers
119



SOURCE:

2017 Hyde County Program Impact Report



H.Y.D.E. Kids JCPC Program

- Currently have 14 officially, fully enrolled.
- We will be adding a 15th in the next week or two.
- Work with students during school with academic help and/or behavioral monitoring/assisting teacher so Academic: pull students out of classroom or during class time and work with them individually and/or small groups (up to three students).
- Meet with students an average of every two weeks for after-school group covering various topics from interpersonal skill building to academic topics to hands-on activities and projects. Students enrolled in program are eligible to participate in any 4-H program free of charge to them (typically during summer).
- We had our first meeting on Jan 24th and need to refine some things! Our next meeting is Jan 31st! - back to back due to canceled after school the previous week.

CatieJo Black - JCPC Coordinator

Eastern 4-H Center Partnership

The Eastern 4-H Center staff held an Educational Committee Meeting on January 25, 2018 consisting of 4-H Extension Agents from surrounding counties. The meeting resulted in creating a collaborative effort in providing a variety of unique opportunities for the Hyde County 4-H program; as well as utilizing the expertise of county agents to increase outreach programming at the Eastern 4-H Center.

4-H Livestock Show and Sale

Hyde County 4-H Livestock Show and Sale Sign-up is currently running until January 31, 2018. Livestock Show is set for Wednesday, April 25, 2018.

Lee Brimmage - 4-H Extension Agent

Joint Commodities Conference in Durham

-Boerema Farms placed 2nd in the NC Corn Yield Contest for the Tidewater region with their yield of 276.04 bushels/acre
Andrea Gibbs won the "Agent Achievement Award" for the Tidewater region. This is awarded to the Ag agent in each region who has the highest average yield for 3 entries. (So I basically got an award, because we have awesome farmers ;))

Road Show Production Meetings

- 6 Road Show Production Meetings are held in the Blacklands area (Beaufort, Hyde, Tyrrell, and Washington Counties) to educated producers on the latest research in corn and soybean production.
- January 16: Ponzer RS - Approximately 100 people attended
 - January 23: Columbia RS - Approximately 70 people attended

Pesticide Re-Certification

Private pesticide applicators are required to obtain 2 hours of X credits and 2 hours of V credits every 3 years to maintain their license.

- January 16: Ponzer - 68 people received their X credits and 48 received their V credits
- January 23: Columbia - 45 people received their X credits and 22 received their V credits

Hyde County Farm Bureau Transportation Meeting

The North Carolina Highway Patrol will offer a presentation covering Commercial Motor Vehicles as it relates to the farming industry. Topics discussed included common driver and vehicle violations as well as state and federal regulations. The new requirements for Electronic Log books will be covered as well.

Andrea Gibbs - Agriculture Extension Agent

Blacklands Area Horticulture News

This month has been a tough one! I am already fielding calls about freeze damage to landscape ornamentals. I expect more calls to come in on this topic. I also anticipate freeze damage to warm season turf, especially in centipedegrass lawns. So far this month I have been helping with the Roadshows and fielding homeowner questions. I am working on getting trainees for Extension Master Gardener Volunteer certification. I attended the Green and Growing Conference in Greensboro, NC all of last week. This is a mix of networking and education in pesticides, weeds, ornamentals, and turf. I had an advisory meeting today to discuss needs and upcoming educational programming for EMGV, Public, and Landscape Professionals. Afterward, time allowing, Dr. Parker and I will be looking at a Pecan Variety trial in Hyde County.

Gene Fox - Area Horticulture Extension Agent

Beaufort/Hyde Family Consumer Sciences News

NC Hospitality and Pride Training information sent out to "Hyde Happenings"
Talked to Laurie Potter to discuss opportunities to provide food and nutrition education in DSS waiting area
Met with Tekisha Jordan with Hyde County Schools to discuss the Color Me Healthy Program.
Met with Thomas Midgett with Hyde County Head Start to complete forms for Color Me Healthy Program. Site is interested in program but has not confirmed a start date.

Renee Harvey - Family and Consumer Sciences Extension Agent

Supplemental Information

BOARD OF COMMISSIONERS
Frankie Waters, Chairman
Jerry E. Langley, Vice Chairman
Gary Brinn
Ronald Buzzeeo
Ed Booth
Jerry Evans
Hood Richardson



COUNTY OFFICIALS
Brian M. Alligood, County Manager
Katie Mosher, Clerk to the Board
Anita Radcliffe, Finance Director
David Francisco, County Attorney

BEAUFORT COUNTY
NORTH CAROLINA

Opposing a Change from the Election of Judges to the Selection of Judges

WHEREAS, the North Carolina State Constitution ("Constitution") established three branches of government: Executive, Legislative and Judicial, and;

WHEREAS, the Constitution also established the roles and responsibilities of each of the branches of government and how individuals seeking to serve in those branches would be elected, and;

WHEREAS, the General Assembly is currently debating the merits of amending the Constitution to allow the selection of judges instead of the historical method of electing judges by a vote of the people, and;

WHEREAS, the Beaufort County Board of Commissioners ("Board") believes that judges should continue to be elected by the voters and not selected by some other process that may be established by the Legislative Branch, and;

WHEREAS, at its regular meeting on January 8, 2018 the Board voted unanimously to send this resolution to its local legislative delegation and the boards of county commissioners of all 100 North Carolina counties.


NOW, THEREFORE, BE IT RESOLVED, that the Beaufort County Board of Commissioners opposes any amendment to the North Carolina Constitution that would change the right of the people of North Carolina to elect their judges, which insures an independent judiciary, as now provided in this State's Constitution.

ADOPTED, this the 8th day of January 2018.



Frankie Waters, Chairman
Beaufort County Board of Commissioners

ATTEST:



Kathleen Mosher, CMC, NCCCC
Clerk to the Board

DURHAM BOARD OF COUNTY COMMISSIONERS

Resolution

OPPOSING A CHANGE FROM THE ELECTION OF JUDGES TO THE SELECTION OF JUDGES

WHEREAS, the North Carolina State Constitution ("Constitution") established three branches of government: Executive, Legislative and Judicial; and

WHEREAS, the Constitution also established the roles and responsibilities of each of the branches of government and how individuals seeking to serve in those branches would be elected; and

WHEREAS, the General Assembly is currently debating the merits of amending the Constitution to allow the appointment of judges instead of the historical method of electing judges by a vote of the people; and


WHEREAS, the Durham Board of County Commissioners ("Board") believes that judges should continue to be elected by the voters and not selected by some other process that may be established by the Legislative Branch; and

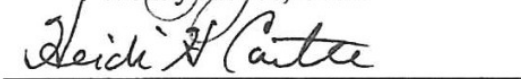
WHEREAS, the Durham County Board of Commissioners supports maintaining our current Judicial District System. We oppose Durham being divided into sub-districts. We believe the current system has worked well and that all Durham citizens should be able to vote for all of their District Court Judges; and


WHEREAS, at its regular meeting on January 22, 2018 the Board voted unanimously to send this resolution to its local legislative delegation and the boards of county commissioners of all 100 North Carolina counties; and

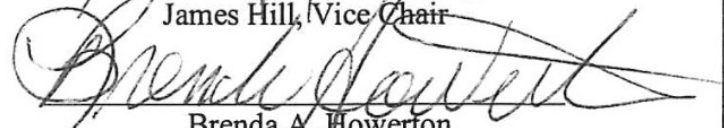
NOW, THEREFORE, BE IT RESOLVED, that the Durham Board of County Commissioners opposes any amendment to the North Carolina Constitution that would change the right of the people of North Carolina to elect their judges, which ensures an independent judiciary, as now provided in this State's Constitution.


This the 22nd day of January, 2018.


Wendy Jacobs, Chair


Heidi Carter


James Hill, Vice Chair


Brenda A. Howerton


Ellen W. Reckhow





RESOLUTION OPPOSING A CHANGE FROM THE ELECTION OF JUDGES TO THE SELECTION OF JUDGES

WHEREAS, the North Carolina State Constitution ("Constitution") established three branches of government: Executive, Legislative and Judicial; and

WHEREAS, the Constitution also established the roles and responsibilities of each of the branches of government and how individuals seeking to serve in those branches would be elected; and

WHEREAS, the General Assembly is currently debating the merits of amending the Constitution to allow the appointment of judges instead of the historical method of electing judges by a vote of the people; and

WHEREAS, the Davidson County Board of Commissioners ("Board") believes that judges should continue to be elected by the voters and not selected by some other process that may be established by the Legislative Branch; and

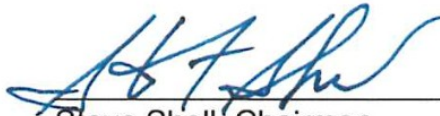
WHEREAS, the Davidson County Board of Commissioners supports maintaining our current Judicial District System, and opposes Davidson County being moved from its current sub-district. We believe the current system has worked well and that all Davidson citizens should be able to vote for all of their District Court Judges.

NOW, THEREFORE, BE IT RESOLVED, that the Davidson County Board of Commissioners opposes any amendment to the North Carolina Constitution that would change the right of the people of North Carolina to elect their judges, which ensures an independent judiciary, as now provided in this State's Constitution; and,

BE IT FURTHER RESOLVED that the Davidson County Board of Commissioners is in favor of an amendment to existing legislation which would revert to judicial primaries; and,

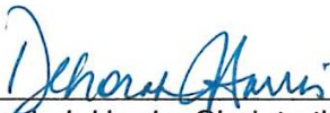
BE IT FUTHER RESOLVED that the Board directs that this resolution be sent to its local legislative delegation and to the boards of county commissioners of all 100 North Carolina Counties.

Adopted this 23rd day of January 2018.



Steve Shell, Chairman
Davidson County Board of Commissioners

Attest:



Deborah J. Harris, Clerk to the Board





RESOLUTION
OPPOSING ANY CHANGE
IN THE DEFINITION OF A COMMERCIAL FISHING OPERATION

WHEREAS, commercial fishing is a vital part of North Carolina's history, heritage, and culture and represents a crucial component of the economy for Dare County and other coastal communities; and

WHEREAS, according to the NC Division of Marine Fisheries, the sales impact of the harvesting and sale of commercial seafood is \$388,325,000 and the income impact of employed commercial fishermen is \$166,066,000; and

WHEREAS, the definition of what constitutes commercial fishing in North Carolina has been determined by the General Assembly and has long been established in section 113-168 of North Carolina's General Statutes; and

WHEREAS, the North Carolina Marine Fisheries Commission (MFC) is now undertaking an action to consider changes in the definition of a commercial fisherman; and

WHEREAS, among the items that the MFC proposes to consider is a requirement that those holding Commercial Fishing licenses must have 50 percent of their earned income from the Trip Ticket Program, generate 36 Trip Tickets per year, and require those who do not have Trip Tickets to show proof of \$10,000 or more income per year; and

WHEREAS, no other professional license issued by the State dictates a percentage of income or minimum income requirement or level of participation in order to qualify; and

WHEREAS, the requirements that are being considered by MFC, or any other adverse change they may propose to the definition of Commercial Fishing, would have a harmful effect on many of the hard working North Carolinians who now engage in commercial fishing and already suffer because of government overregulation that imposes severe quotas and unnecessary restrictions on fishing seasons, limits, and gear forcing many to take on additional jobs and engage in part-time businesses in order to responsibly support their families; and

WHEREAS, this latest attempt to redefine commercial fishing is not the first time that the Marine Fisheries Commission has looked at this matter; and

WHEREAS, over seven years ago, in October of 2010, the Marine Fisheries Commission empaneled a Fishing License Review Taskforce, which examined in detail the requirements for holding a commercial fishing license and concluded that the definition contained in the General Statutes was adequate and therefore there was no real need to modify the definition of what constitutes a commercial fisherman; and

WHEREAS, furthermore, the Final Report from the Fishing License Review Taskforce clearly stated its recommendation that "no changes are needed to the existing definition."

NOW THEREFORE BE IT RESOLVED that the Dare County Board of Commissioners supports the definition of commercial fishing that has been determined by the duly elected members of the North Carolina General Assembly and reflected in the North Carolina General Statutes.

AND BE IT FURTHER RESOLVED that the Dare County Board of Commissioners strongly opposes the unnecessary effort that is now underway by the Marine Fisheries Commission to reexamine the definition of commercial fishing, and urges all coastal communities to adopt similar resolutions, and encourages all residents to vigorously voice their concerns about the latest attempt by the Marine Fisheries Commission to once again redefine commercial fishing.

Adopted this the 22nd day of January, 2018.



A handwritten signature in blue ink, reading "Robert Woodard", is written over a horizontal line.

Robert Woodard, Chairman

ATTEST:

A handwritten signature in blue ink, reading "Gary Lee Gross", is written over a horizontal line.

Gary Lee Gross, Clerk to the Board

PUNGO LIVING

9 + THURSDAY, JANUARY 11, 2018

► EASTERN BEAU
► HYDE COUNTY
► SUBMIT YOUR N

STRONG BOND

**Area rallies
around family who
lost home in fire**

By **CAROLINE HUDSON**
For the Daily News

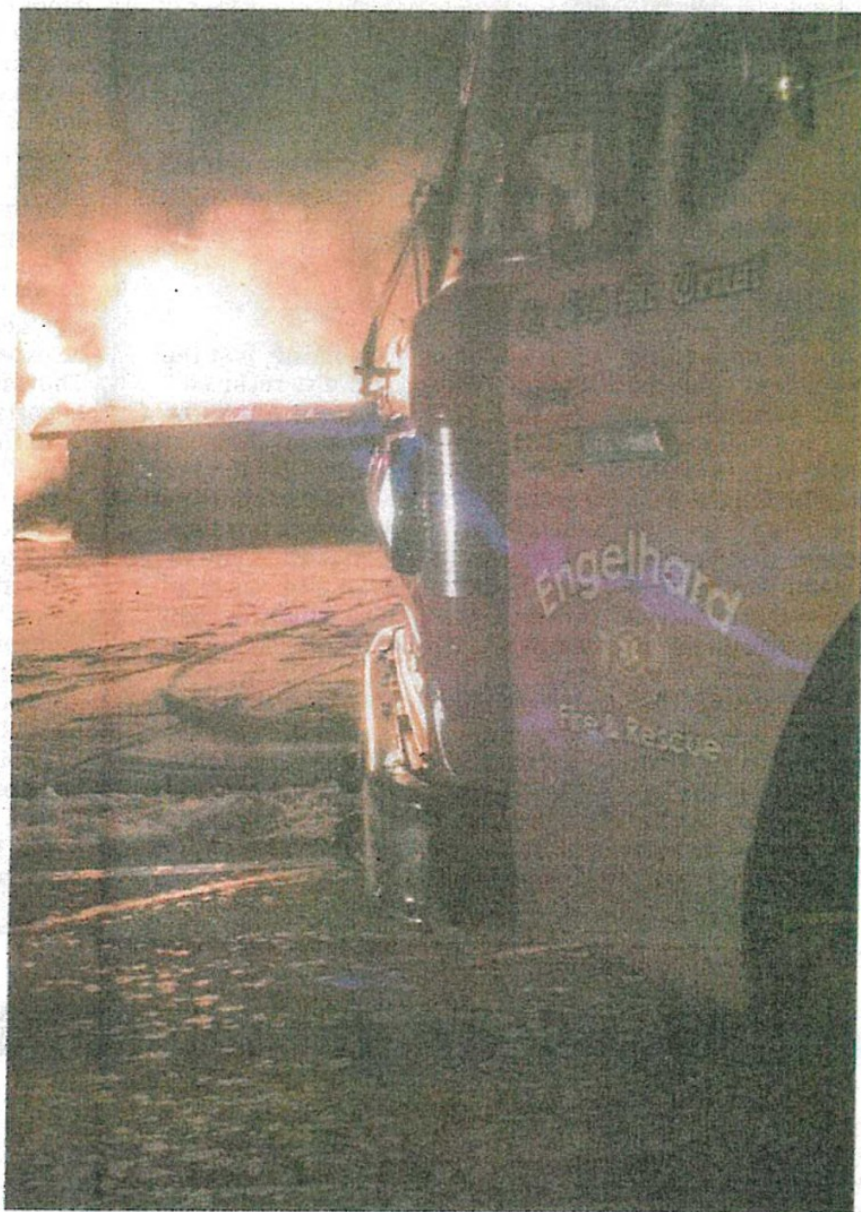
ENGELHARD — When the Gibbs family went to bed last Saturday, they never dreamed they'd lose their home by morning.

But that's what happened in the early morning hours when a short in the home's electrical wiring caused a fire, which traveled through an outlet and caught one of the beds on fire.

The Gibbsses may have lost all of their possessions, but they didn't lose everything. Everyone is alive and safe. The fire started in 11-year-old Tate's room, but he was luckily spending the night with a friend.

"The puppy was barking, and I just kind of thought she wanted out, so I was hoping if I just let her lay there for a few minutes, she would stop, and after about 20 minutes when she didn't, I got up to go get her, and everything was dark, you know, and I could smell what smelled like burning sugar," mother Lori Gibbs said. "I turned the light on, and all I could see was smoke."

In the rush of the moment, Gibbs said she thought she could put out the fire. Within about 30



HYDE COUNTY SHERIFF'S OFFICE

EARLY MORNING BLAZE: Firefighters from Engelhard, Fairfield and Swan Quarter responded to a house fire in the early morning hours of Saturday. The Hyde County community is now rallying behind the Gibbs family, who owned the home.

See **BOND**, Page 10



YOUR TAKE: Submit your news to news@thewashingtondailynews.com



HYDE COUNTY HEALTH DEPARTMENT

WINTER WONDERLAND: For the past week, eastern North Carolina has experienced the most snow the region has seen in years. Snowfall in combination with icy roads led to school and office closings and delays. Hyde County Health Department shared a photo of its own view of the winter wonderland.

BOND:

Continued from 9

minutes, though, fire had overtaken the house.

At around 4 a.m. Saturday, Engelhard Volunteer Fire Department arrived, soon followed by Fairfield and Swan Quarter fire departments and Hyde County Sheriff's Office. Gibbs' older son Benjamin is a volunteer firefighter, so he immediately jumped into action, as well.

Crews worked for hours to extinguish the blaze, and the house reignited a few times during the following day. The community began to pitch in even before the flames were out.

"To everyone who stopped and asked our deputies if they could get them some coffee or do anything to help ... thank you, you are part of making this community a better place," reads a Facebook post from Hyde County Sheriff's Office. "To the anonymous donor that brought every firefighter, medic and LEO biscuits from the Gas Bar, that helped lift spirits and warm everyone up a little, so thank you!"

People from the Hyde County community and beyond were also quick to rally around the Gibbs family. Gibbs said Dare to Hyde has given the family a place to stay until they can find a new home. Clothing items have also come in by the droves.

"It's been overwhelming, just the amount of support we've received," she said. "It's just been, you know, blessing upon blessing."

Gibbs said she believes the fire is a part of God's plan, and the family intends to rely on him during this time.

"We can't say thank you enough, and thank you is not even the right words. I don't know what the right words are. It's just incredible," Gibbs said.

The Gibbs family is now in need of home items. Those interested in donating should call Rhonda Topping at 252-943-4131. Donations are also welcome via the GoFundMe page at www.gofundme.com/j5c688-gibbs-family-fire-recovery?pc.



SIGN UP: Last month, Octagon House Restoration Inc. Chairman Walter Baum erected the Hyde County house's new sign, which features a QR code to scan on a mobile device for more information. The circa-1857 Octagon House is only one of two antebellum-era octagonal houses left standing in North Carolina. In late 2017, roofing repairs were completed on the home, as part of the latest phase of renovations. Hyde's Octagon House is located off of U.S. Highway 264 in Engelhard.

OCTAGON HOUSE RESTORATION INC.

COUNTY OF HYDE

Board of Commissioners

Earl Pugh, Jr., Chair
Barry Swindell, Vice-chair
Ben Simmons, III
Dick Tunnell
Thomas Pahl

30 Oyster Creek Road
PO Box 188
SWAN QUARTER, NORTH CAROLINA 27885
252-926-4400
252-926-3701 Fax

Bill Rich
County Manager

Franz Holscher
County Attorney

Lois Stotesberry, CMC, NCCCC
Clerk to the Board of Commissioners



NOTICE OF POSSIBLE QUORUM

PLEASE TAKE NOTICE that a possible quorum of the Hyde County Board of Commissioners may be in attendance on Monday, February 5, 2018 @ 4:00pm at Ocracoke School. The purpose of this meeting is to participate in a joint meeting with the Hyde County Board of Education.

This 29th day of January, 2018.

Lois Stotesberry, CMC, NCCCC
Clerk to the Board of Commissioners

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Reed Whitesell

February 10, 1953 - January 9, 2018

Reed Whitesell

Jonathan Reed Whitesell, 64, of Carolina Beach, died Tuesday, January 9, 2018, at Lower Cape Fear Hospice & Life Care Center.

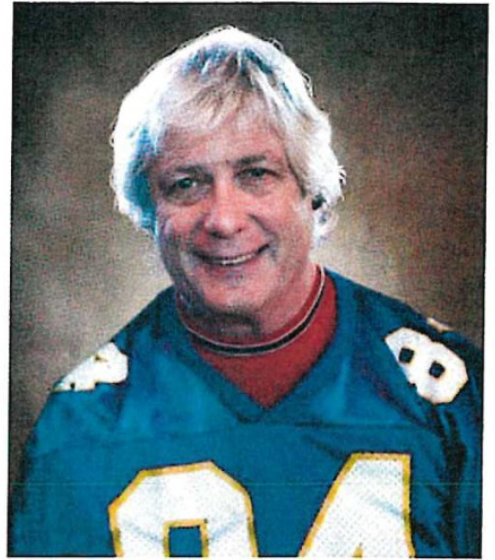
Reed was born February 10, 1953 in Albany, NY, son of Katherine Dugan Whitesell and the late Jonathan Reed Whitesell. Two of his brothers, Jim Whitesell and Stephen Whitesell, preceded him in death.

Reed grew up all over the United States. One of his many childhood accomplishments was achieving the rank of Eagle Scout at the young age of 14. After graduating from The Lawrenceville School in New Jersey, Reed attended Carleton College in Minnesota where he earned his B.A. He moved back to Wilmington in the mid 1970's and briefly worked at the North Carolina Underwater Archaeology Center at Fort Fisher. He then joined Talbert, Cox, and Associates where he made life-long friends with whom he shared many unforgettable Friday night cookouts. After working for Rick Catlin Engineers and Scientists, he settled at Holland Consulting Planners. Whether it was writing proposals or driving all over eastern North Carolina (where he found some amazing barbecue places), Reed was extremely dedicated to his job and knows everyone at HCP will continue to hold down the fort for him.

Affectionately known as 'Mr. Reed' by all who loved him, he was an amazing cook - his barbecued ribs were famous (he loved the charcoal grill). He was a frequent contender in many local chili cook-offs, as well. He was a talented musician; he played the guitar, harmonica and sang. He founded the Road House Blues Band many years ago. Whether it was The Pony Express, Burrito Bob's, Katy's, The Ice House, or Kefi's, they always kept the house rocking. He also loved to play the acoustic guitar and played many gigs on The Island in recent years with his fellow Tide Traveler.

Reed was a dedicated, die-hard Minnesota Vikings fan who bled purple and gold. He never missed a game on t.v. and enjoyed many live games with his siblings.

Reed was a true friend to many and was always willing to lend a helping hand to anyone who needed it. Once you met 'Mr. Reed', you never forgot him.



Born: February 10, 1953
Place of Birth: Albany, NY
Death: January 9, 2018
Place of Death: Wilmington, NC

In addition to his mother, he is survived by his two sons, Jim (Rasika) Whitesell and Joe Whitesell, both of Wilmington, and one grandson, Rowan Whitesell of Wilmington. He is also survived by his sister, Kathy (Ed) Walser of Manassas, VA, brother, Davis (Heather) Whitesell of Eliot, ME, sister, Beth (Jack) Andruszkiewicz of Tucson, AZ, brother, Andrew Whitesell of Round Pond, ME, brother, Dan Whitesell of Morehead City, sister-in-law, Marisa Whitesell of Chapel Hill and many nieces, nephews and cousins.

A funeral service will be held at 1pm Saturday, January 13, 2018, at Andrews Valley Chapel with Rev. Bob Kus officiating. Prior to the service, the family will receive friends from 12pm until the service hour. Interment will follow in Oleander Memorial Gardens.



Wear Orange Day

Wear orange day is a great way to create awareness about dating abuse, and this year your hands have a role to play. This is your chance to get creative and spread messages about healthy relationships around Valentine's Day, the month of love and Teen Dating Violence Awareness Month! Remember, you have a hand in ending dating violence.

February 13, 2018

I wear #orange4love because 1 in 3 teens experiences dating abuse and that's 1 too many #RespectWeek2018

Hyde County Hotline
24 Hour Crisis Line: 252-925-2500

